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A Reference Guide for
Employers and Benefits Specialists

1989 Edition

EMPLOYEE BENEFITS

Survey Data from Benefit Year 1988

U.S. CHAMBER
RESEARCH CENTER

EMPLOYEE BENEFITS 1989 EDITION
Survey data from benefit year 1988

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1. Introduction

This Survey of employee benefits continues the program of expanding the quantity and quality of data on benefit programs that we started several years ago. For the first time, *Employee Benefits* includes sections on cost containment measures taken by firms in health insurance programs and a separate study evaluating profit sharing programs and how pay and profitability in profit sharing firms compare to these measures in non-profit sharing firms.

Employee benefits issues are becoming the focal point of social legislation in the 1990s. In the past year, many bills were introduced in Congress that would require employers to provide health care, parental leave and other benefits at federally mandated levels. The information provided in this report should help employers in determining the impact of such legislation on their firms and the cost of providing existing benefits to their employees.

While this data is useful for determining guidelines for general benefit levels, it is inappropriate to use it in assessing the generosity of any specific employee-benefit. This is an assessment that can only be made in context of the entire package of benefits, in both absolute terms and relative to entire compensation and workplace specific circumstances.

This is the twenty-seventh survey of employee benefits conducted by the U.S. Chamber of Commerce. Initially, *Employee Benefits* was published every two years. However, because of an increasing concern about the cost of benefits, the survey has been published annually since 1979.

This study is only possible because of the cooperation of the firms who participated in this year's survey and conducted extensive research to furnish the information requested, frequently at considerable cost to them. We wish to thank them for their help.

This year's employee benefits study was conducted by Martin Lefkowitz with the assistance of Orawin Velz. Susan Drake provided production assistance and Ben Feldman, a student intern from Duke University, provided a special-section on profit sharing.

Richard W. Rahn
Vice President and
Chief Economist

2. Summary of Findings

The most significant result of this year's survey was the increase in medical and medically related costs, despite measures taken by many firms to control costs. On a per employee basis, medically related benefits increased from 8.0 to 8.7 percent of payroll, from $2,189 per year to $2,538 per year, a 16 percent increase. The increased cost of the medical and dental insurance portion of health related expenditures for current employees in 1988 was $327, a 19 percent increase, going from $1,725 per employee to $2,052 per employee. This year's increase in medical costs was the largest in the history of this survey. The 1988 increase of $327 for medical and medically related benefits was 25 percent more than the $260 spent by employers for health and life insurance in 1969.

This year, we are once again publishing data separately for hourly-paid and salaried employees (Tables 4a, 4b, and 4c). The data for the hourly-paid employees are based on a subsample of 252 firms that reported hourly-paid and salaried employees separately.

1. Employee benefit payments varied widely among the 932 participating companies. Approximately 1.3 percent of survey participants expended less than 18 percent of total payroll on benefits, while about 1 percent of survey participants spent 60 percent or more of payroll for benefits. The amount of benefits paid yearly per employee ranged from less than $3,500 to more than $13,000 (Table 1).
2. The average payment in 1988 was 37.0 percent of payroll, $5.20 per payroll hour, and $10,750 per year per employee (Table 2).
3. Industry payments varied widely. The printing and publishing industries averaged 30.5 percent of payroll, while primary metals, petroleum and the rubber industries paid more than 40 percent (Table 6).
4. Highest payments were made in the West. This is a change from the past when the East North Central states paid the highest benefit levels. The greater and rising benefit levels in the West are a product of the "new wave" firms in high-tech industries. (Table 9).
5. As in the past, larger firms generally paid more benefits than smaller firms. (Table 10).
6. Payments for pensions, savings and/or profit sharing plans were reported by 795 companies, or 85.3 percent of the firms participating in this year's survey (Table 11). While the percent of firms reporting payments to pensions, savings and/or profit sharing plans was identical to last year, the percent of payroll paid into these plans declined substantially, from 6.6 percent of payroll to 5.0 percent. This may be the result of a rising stock market. Many firms reported that they did not have to make payments into existing plans, but only paid for administrative and other costs (Table 12).
7. Health and life insurance programs are almost universal. Ninety-eight percent of the firms participating in this year's survey indicated that they made at least some payment toward employee health insurance, while 91 percent provided at least some life insurance coverage (Table 13).
8. Employee payroll deductions for benefits included 3.5 percent for pensions and savings plans, 0.8 percent for hospitalization and surgical insurance, and 0.7 percent for life insurance and other benefits (Table 15).

An Additional Note

In 1986 we expanded our survey to better reflect total employer cost for all benefit payments made by employers. For example, data on health insurance for retirees and former workers and the cost of administering pension plans were surveyed beginning in 1986. This resulted in a benefit level of approximately 1.0 percent higher. The cost of health insurance for former and retired employees has been deducted by some survey participants when calculating their benefits packages for comparison purposes.

Year	Average payment as a % of payroll
1979	36.6
1980	37.7
1981	37.3
1982	36.6
1983	36.6
1984	36.6
1985	37.7
1986	38.6 (Excluding retirees and former workers)
1986	39.3 (Including retirees and former workers)
1987	38.0 (Excluding retirees and former workers)
1987	39.0 (Including retirees and former workers)
1988	36.2 (Excluding retirees and former workers)
1988	37.0 (Including retirees and former workers)

3. Distribution of Employee Benefits

Payments for employee benefits varied widely among the 932 participating companies. At one extreme were 12 firms (1.3 percent of the participants) paying less than 18 percent of payroll for benefits, at the other extreme were 9 firms (1.0 percent of the participants) paying 60 percent or more.

The distribution of benefit payments for the 932 firms is shown in Table 1.

Ten percent of the firms paid more than 45.8 percent of payroll for benefits, while 25 percent of the firms paid more than 40.2 percent, as shown in Table 2. The median average benefit level was 35.1 percent, with half the firms paying more than 35.1 percent and half the firms paying less than that amount. The median average in 1988 increased by 0.8 percent from 34.3 percent in 1987. The mean average payment for 1988 was 37 percent, which was a two percentage point decline from 39.0 percent of payroll in 1987. The mean was larger than the median, or middle point of the distribution of 35.1 percent, because larger firms with greater levels of benefits have a greater influence on the mean average, since the survey is weighted by size of payroll.

Corresponding data, as cents per payroll hour and as annual dollars per employee, are also shown in Table 2. The data indicate an increase of 7.2 cents per hour in 1988 compared to 1987.

The distribution of individual company payments by industry groups is shown in Table 3. Within individual industries, benefit payments also varied widely. Payments in the food, beverage and tobacco industries varied from less than 20 percent of payroll to more than 50 percent of payroll. In fabricated metal products, benefits varied from about 20 percent to more than 60 percent. Some of the variation in the percent of payroll for benefits is due to differences in pension and profit sharing payments, which can vary considerably between firms, and within the same firm from year to year.

Table 1. Distribution of Employee Benefits, 1988

Percent of Payroll		Cents per Payroll Hour		Dollars Per Year Per Employee	
Percent	Number of Companies	Cents	Number of Companies	Dollars	Number of Companies
UNDER 18.0%	12	UNDER 150.0	13	UNDER $3,500	20
18.0 - 19.9	12	150.0 - 174.9	7	3,500 - 3,999	13
20.0 - 21.9	27	175.0 - 199.9	17	4,000 - 4,499	19
22.0 - 23.9	24	200.0 - 224.9	26	4,500 - 4,999	31
24.0 - 25.9	34	225.0 - 249.9	29	5,000 - 5,499	40
26.0 - 27.9	52	250.0 - 274.9	36	5,500 - 5,999	29
28.0 - 29.9	63	275.0 - 299.9	47	6,000 - 6,499	40
30.0 - 31.9	89	300.0 - 324.9	46	6,500 - 6,999	60
32.0 - 33.9	101	325.0 - 349.9	51	7,000 - 7,499	47
34.0 - 35.9	91	350.0 - 374.9	50	7,500 - 7,999	43
36.0 - 37.9	102	375.0 - 399.9	47	8,000 - 8,499	55
38.0 - 39.9	85	400.0 - 424.9	49	8,500 - 8,999	50
40.0 - 41.9	72	425.0 - 449.9	60	9,000 - 9,499	51
42.0 - 43.9	43	450.0 - 474.9	60	9,500 - 9,999	53
44.0 - 45.9	34	475.0 - 499.9	41	10,000 - 10,499	49
46.0 - 47.9	22	500.0 - 524.9	38	10,500 - 10,999	34
48.0 - 49.9	23	525.0 - 549.9	45	11,000 - 11,499	36
50.0 - 54.9	29	550.0 - 574.9	39	11,500 - 11,999	35
55.0 - 59.9	8	575.0 - 599.9	39	12,000 - 12,499	39
60.0 - 64.9	3	600.0 - 699.9	96	12,500 - 12,999	25
65.0 AND OVER	6	700.0 AND OVER	96	13,000 AND OVER	163
TOTAL	**932**	**TOTAL**	**932**	**TOTAL**	**932**

Table 2. Five Levels of Employee Benefits, 1988

Item	As percent of payroll	Cents per payroll hour	Dollars per year per employee
10% of firms paid more than	45.8%	703.6	$14,684
25% of firms paid more than	40.2	574.3	11,900
50% of firms paid more than	35.1	444.2	9,200
75% of firms paid more than	30.3	329.9	6,813
90% of firms paid more than	25.3	250.6	5,205
Mean or average payment	37.0%	519.8	$10,750

Table 3. Distribution of Employee Benefits as Percent of Payroll, by Industry Groups, 1988

		Manufacturing industries															Nonmanufacturing industries							
Total employee benefits as percentage of payroll	Total, all industries	Total, all manufacturing	Food, beverage, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equipment)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
UNDER 18.0%	12	1	...	1	...	...	...	...	...	...	...	...	...	...	...	...	11	...	...	2	1	4	...	4
18.0 - 19.9	12	2	1	...	...	...	...	...	...	...	...	...	...	1	...	...	10	...	...	1	...	1	...	8
20.0 - 21.9	27	5	...	...	...	...	1	...	...	...	1	1	...	1	...	1	22	1	...	2	2	4	1	12
22.0 - 23.9	24	5	2	...	...	...	1	...	...	...	...	1	...	...	1	...	19	1	1	1	5	1	1	9
24.0 - 25.9	34	10	...	2	2	...	...	...	...	...	...	2	2	...	...	2	24	1	...	2	2	3	3	13
26.0 - 27.9	52	12	1	2	...	2	...	1	1	1	...	1	...	1	...	2	40	1	...	4	5	6	9	15
28.0 - 29.9	63	24	2	1	1	4	3	1	...	1	...	3	3	3	...	2	39	4	...	6	6	5	10	8
30.0 - 31.9	89	30	2	1	4	2	6	...	2	2	...	1	2	7	...	1	59	5	1	2	5	12	11	23
32.0 - 33.9	101	39	1	3	4	1	1	1	3	2	...	5	2	7	2	7	62	5	...	2	7	15	14	19
34.0 - 35.9	91	30	2	2	...	3	4	1	1	...	1	1	4	5	2	4	61	7	...	2	6	14	12	20
36.0 - 37.9	102	30	3	...	2	...	2	3	2	1	...	4	...	6	3	4	72	14	2	4	7	17	12	16
38.0 - 39.9	85	22	1	2	...	1	...	1	2	2	1	5	3	2	1	1	63	15	...	1	4	7	12	24
40.0 - 41.9	72	17	1	...	1	3	...	1	1	...	4	3	2	1	...	...	55	20	...	3	2	10	7	13
42.0 - 43.9	43	9	1	1	...	...	...	1	...	...	...	3	1	2	...	...	34	11	...	1	6	5	2	9
44.0 - 45.9	34	12	1	...	2	3	1	...	...	...	1	1	1	...	1	1	22	5	...	2	2	3	2	8
46.0 - 47.9	22	5	2	...	...	...	...	...	1	...	...	...	1	1	...	...	17	8	...	2	...	2	...	5
48.0 - 49.9	23	9	1	...	1	...	...	2	1	...	...	2	...	...	1	1	14	7	...	...	1	...	1	5
50.0 - 54.9	29	8	1	...	...	...	...	...	...	...	...	4	...	1	...	2	21	5	...	...	2	3	1	10
55.0 - 59.9	8	1	...	...	...	...	...	1	...	...	...	...	...	...	...	...	7	3	...	1	...	1	...	2
60.0 - 64.9	3	1	...	...	...	...	...	...	...	...	...	1	...	...	...	...	2	...	...	...	...	...	...	2
65.0& OVER	6	1	...	...	...	...	...	...	...	...	...	...	...	...	1	...	5	1	...	...	...	1	...	3
Total Compaines	932	273	22	15	17	19	19	13	14	9	8	38	21	38	12	28	659	113	5	38	63	114	98	228
50% of companies paid more than	35.1	34.6	35.8	32.1	32.8	34.1	31.6	37.4	36.0	32.4	40.9	37.6	34.8	33.7	36.8	33.8	35.3	40.2	30.9	30.5	33.8	34.7	33.8	34.0

*Includes Research, engineering, government agencies, construction, etc.
No companies reporting

4. Average Benefits Payments

This year's benefit payment data include separate tables for salaried employees and hourly-paid employees. While benefits for hourly-paid employees as a percent of payroll are greater, the dollar cost of benefits given to salaried employees is greater. The data are derived from a smaller sample of firms that could separate benefit costs between hourly and salaried employees.

Employee benefit costs increased only slightly in 1988, in terms of dollars spent, and actually declined as a percent of payroll. The average cost per full-time equivalent employee increased from $10,708 per worker in 1987 to 10,750 per worker in 1988. Average benefits as a percent of payroll showed a decline from 39.0 to 37.0 percent of payroll, indicating that benefits are increasing, but at a slower pace than pay.

The percent of payroll allocated to benefits for hourly-paid employees was 37.4 percent, compared to 35.2 percent reported for salaried employees. The dollar value of benefits paid to salaried employees was $12,219, compared with $10,383 in benefits paid to hourly workers. The composition of benefits was somewhat different between the two groups. Mandated benefits, as a percent of payroll, for hourly-paid workers are greater than that for salaried employees. This is because payroll taxes, such as social security and unemployment taxes, are limited by income caps on the tax base.

The dollar cost of hospital, dental and other medical coverage per employee per year was about $500 more per year for salaried employees than for hourly-paid workers. Salaried workers were more likely to have dental coverage than hourly-paid workers. Because of the pay differential, the cost of medical benefits, as a percent of payroll, was greater for hourly-paid workers (8.9 percent) compared to salaried employees (8.1 percent). Another large difference in the benefit levels between salaried and hourly-paid employees was money contributed to 401K type plans. Contributions for these plans were about twice as great, as a percent of payroll, for salaried employees, as they were for hourly-paid workers. This differential may be attributable to employer 401K contributions usually being paid on a matching basis and higher paid salaried workers are more likely to participate in these programs.

Type of benefit	Benefit as a percent of payroll
Legally required payments	8.9
Retirement and savings	5.0
Life insurance and death benefits	0.6
Medical and medically related benefits	8.7
Paid rest periods, lunch periods, etc.	2.3
Payment for vacations, holidays, sick leave etc.	10.6
Miscellaneous benefits	0.9
Total	37.0

Employee benefit payments as a percent of payroll averaged 37.0 percent for all companies surveyed. This included 0.8 percent for retiree health insurance, which is a part of medical and medically related benefits. Therefore, benefit costs in 1987 were 36.2 percent of payroll for active employees, compared to 38.3 percent in 1987.

Manufacturing firms reported benefits of 36.4 percent of payroll, compared to 37.4 percent of payroll for nonmanufacturing firms. Manufacturing firms spent a greater percentage of payroll on health-related benefits, while contrary to last year, this year nonmanufacturing firms spent more on retirement plans. However, on the basis of actual dollars spent per employee, manufacturing firms spent $11,758 compared to nonmanufacturing firms that spent $10,132.

The one benefit program that has skyrocketed in costs over the past year was the cost of health insurance and health-related benefits. The cost of health related benefits increased by $349 per year, a 16 percent increase from the previous year. Health insurance costs are going up about three times as fast as pay.

Complete results of average benefit payments for different types of benefits are given in Tables 4a, 4b and 4c.

Table 4a. Employee Benefits, by Type of Benefit: All Employees, 1988

Type of benefit	Total, all companies	Total, all manufacturing	Total, all non-manufacturing
Total employee benefits as percent of payroll	37.0	36.4	37.4
1. Legally required payments (employers' share only)	8.9	8.8	8.9
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	6.9	6.9
b. Unemployment compensation	0.8	0.8	0.8
c. Workers' compensation (including estimated cost of self-insured)	1.1	1.1	1.1
d. State sickness benefits insurance	...	...	0.1
2. Retirement and saving (employers' share only)	5.0	4.5	5.4
a. Defined benefit pension plan contributions	2.0	1.7	2.2
b. Defined contribution plan payments	0.9	0.6	1.1
c. Profit sharing	0.7	1.1	0.4
d. Stock bonus and employee stock ownership plans (ESOP)	0.2	0.2	0.2
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.5	0.1	0.8
f. Administrative and other cost	0.7	0.7	0.6
3. Life insurance and death benefits (employers' share only)	0.6	0.6	0.5
4. Medical and medically-related benefit payments (employers' share only)	8.7	9.7	8.0
a. Hospital, surgical, medical, and major medical insurance premiums (net)	6.5	6.8	6.2
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	0.8	1.2	0.5
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.4	0.6	0.3
d. Long-term disability or wage continuation (insured, self-administered, or trust)	0.2	0.1	0.3
e. Dental insurance premiums	0.6	0.7	0.5
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.3	0.3	0.2
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes-change time, get ready time, etc.	2.3	1.7	2.8
6. Payments for time not worked	10.6	10.2	10.8
a. Payments for or in lieu of vacations	5.5	5.6	5.4
b. Payment for or in lieu of holidays	3.3	3.4	3.3
c. Sick leave pay	1.3	0.9	1.7
d. Parental leave (maternity and paternity leave payments)	...	...	...
e. Other	0.4	0.4	0.4
7. Miscellaneous benefit payments	0.9	0.9	1.0
a. Discounts on goods and services purchased from company by employees	0.2	...	0.3
b. Employee meals furnished by company	0.1	0.1	0.1
c. Employee education expenditures	0.2	0.1	0.2
d. Child care	...	...	...
e. Other	0.5	0.6	0.4
Total employee benefits as cents per hour	519.8	557.8	495.7
Total employee benefits as dollars per year per employee	$10,750	$11,758	$10,132

...Less than 0.05%

Table 4b. Employee Benefits, by Type of Benefit: Salaried Employees, 1988

Type of benefit	Total, all companies	Total, all manufacturing	Total, all non-manufacturing
Total employee benefits as percent of payroll	35.2	34.4	36.3
1. Legally required payments (employers' share only)	7.9	7.7	8.1
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.7	6.5	7.0
b. Unemployment compensation	0.7	0.7	0.7
c. Workers' compensation (including estimated cost of self-insured)	0.5	0.5	0.5
d. State sickness benefits insurance	...	...	...
2. Retirement and saving (employers' share only)	5.1	4.4	6.1
a. Defined benefit pension plan contributions	1.5	1.0	2.2
b. Defined contribution plan payments	1.5	1.1	2.0
c. Profit sharing	0.7	0.7	0.6
d. Stock bonus and employee stock ownership plans (ESOP)	0.1	0.1	0.1
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.1	0.1	...
f. Administrative and other cost	1.4	1.4	1.3
3. Life insurance and death benefits (employers' share only)	0.9	1.0	0.8
4. Medical and medically-related benefit payments (employers' share only)	8.1	8.4	7.6
a. Hospital, surgical, medical, and major medical insurance premiums (net)	5.9	6.3	5.4
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	0.7	0.7	0.6
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.3	0.2	0.4
d. Long-term disability or wage continuation (insured, self-administered, or trust)	0.2	0.1	0.2
e. Dental insurance premiums	0.7	0.8	0.5
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.3	0.2	0.6
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes-change time, get ready time, etc.	...	...	...
6. Payments for time not worked	11.8	11.2	12.6
a. Payments for or in lieu of vacations	6.0	5.7	6.5
b. Payment for or in lieu of holidays	3.6	3.5	3.8
c. Sick leave pay	1.6	1.5	1.7
d. Parental leave (maternity and paternity leave payments)	...	...	...
e. Other	0.6	0.5	0.7
7. Miscellaneous benefit payments	1.4	1.7	1.0
a. Discounts on goods and services purchased from company by employees	0.1	0.1	0.1
b. Employee meals furnished by company	0.1	...	0.1
c. Employee education expenditures	0.2	0.2	0.2
d. Child care	...	...	...
e. Other	1.0	1.4	0.5
Total employee benefits as cents per hour	617.8	637.8	593.9
Total employee benefits as dollars per year per employee	12,919	13,598	12,145

...Less than 0.05%

Table 4c. Employee Benefits, by Type of Benefit: Hourly Employees, 1988

Type of benefit	Total, all companies	Total, all manufacturing	Total, all non-manufacturing
Total employee benefits as percent of payroll	37.4	37.1	37.6
1. Legally required payments (employers' share only)	9.1	9.2	9.0
a. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	7.0	6.9
b. Unemployment compensation	0.8	0.8	0.8
c. Workers' compensation (including estimated cost of self-insured)	1.2	1.3	1.2
d. State sickness benefits insurance	0.1	...	0.1
2. Retirement and saving (employers' share only)	5.0	4.6	5.3
a. Defined benefit pension plan contributions	2.1	2.0	2.2
b. Defined contribution plan payments	0.8	0.5	1.0
c. Profit sharing	0.7	1.3	0.4
d. Stock bonus and employee stock ownership plans (ESOP)	0.2	0.2	0.2
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.6	0.1	0.9
f. Administrative and other cost	0.5	0.5	0.5
3. Life insurance and death benefits (employers' share only)	0.5	0.5	0.5
4. Medical and medically-related benefit payments (employers' share only)	8.9	10.2	8.1
a. Hospital, surgical, medical, and major medical insurance premiums (net)	6.6	7.0	6.3
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	0.8	1.3	0.5
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.4	0.7	0.2
d. Long-term disability or wage continuation (insured, self-administered, or trust)	0.2	0.1	0.3
e. Dental insurance premiums	0.6	0.7	0.5
f. Other (vision care, physical and mental fitness, benefits for former employees)	0.2	0.3	0.2
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes-change time, get ready time, etc.	2.8	2.2	3.2
6. Payments for time not worked	10.3	9.9	10.5
a. Payments for or in lieu of vacations	5.4	5.6	5.3
b. Payment for or in lieu of holidays	3.2	3.3	3.2
c. Sick leave pay	1.3	0.7	1.7
d. Parental leave (maternity and paternity leave payments)	...	...	...
e. Other	0.4	0.3	0.4
7. Miscellaneous benefit payments	0.8	0.6	1.0
a. Discounts on goods and services purchased from company by employees	0.2	...	0.3
b. Employee meals furnished by company	0.1	0.1	0.1
c. Employee education expenditures	0.2	0.1	0.2
d. Child care	...	...	...
e. Other	0.4	0.4	0.4
Total employee benefits as cents per hour	503.0	537.2	483.7
Total employee benefits as dollars per year per employee	10,383	11,290	9,886

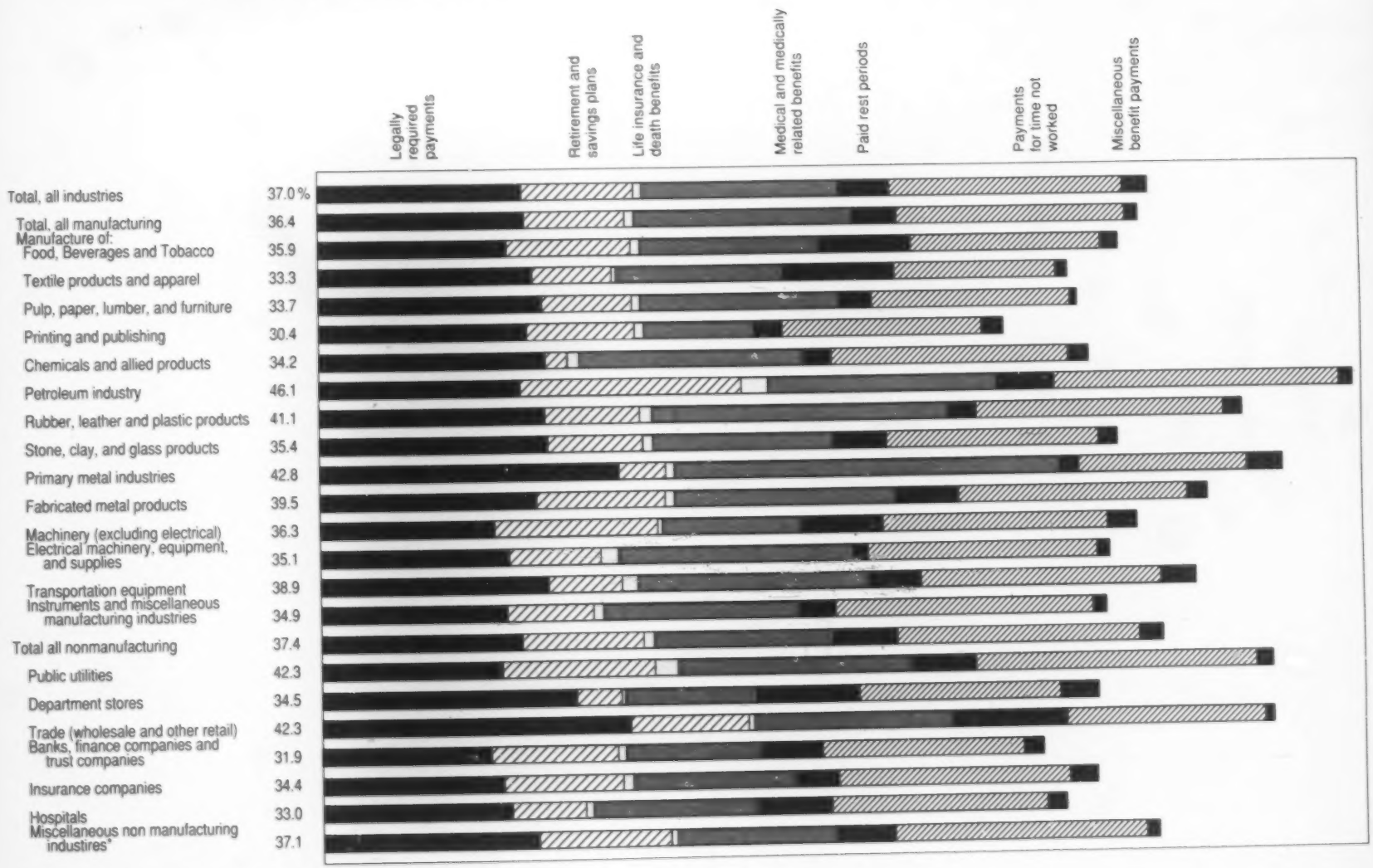
...Less than 0.05%

Table 5. Major Types of Employee Benefits, by Industry Groups, 1988

Industry group	Employee benefits as percent of payroll								Total employee benefits as cents per payroll hour	Total employee benefits as dollars per payroll hour	Number of companies
	Total, all employee benefits	Legally required payments (employer's share only)	Retirement and savings plan payments (employer's share only)	Life insurance and death benefits (employer's share only)	Medical and medically-related benefits payments (employer's share only)	Paid rest periods	Payments for time not worked	Miscellaneous benefits			
Total, all industries	37.0	8.9	5.0	0.6	8.7	2.3	10.6	0.9	519.8	10,750	932
Total, all manufacturing	36.4	8.8	4.5	0.6	9.7	1.7	10.2	0.9	557.8	11,758	273
Manufacture of:											
Food, beverage, and tobacco	35.9	8.4	5.6	0.5	8.1	4.1	8.5	0.7	503.5	10,274	22
Textile products and apparel	33.3	9.5	3.6	0.3	7.5	4.9	7.2	0.2	316.4	6,605	15
Pulp, paper, lumber, and furniture	33.7	9.9	4.1	0.4	8.9	1.4	8.9	0.2	444.9	9,283	17
Printing and publishing	30.4	9.2	4.8	0.5	5.0	1.2	8.9	0.7	439.9	8,282	19
Chemicals and allied products	34.2	10.1	1.0	0.6	10.1	1.2	10.6	0.5	577.7	12,544	19
Petroleum industry	46.1	8.9	9.8	1.2	10.2	2.6	12.8	0.4	881.3	18,381	13
Rubber, leather, plastic products	41.1	10.0	4.2	0.6	13.2	1.3	11.1	0.8	576.9	12,380	14
Stone, clay, and glass products	35.4	10.1	4.2	0.5	8.1	2.4	9.5	0.6	447.4	9,599	9
Primary metal industries	42.8	13.2	2.1	0.4	17.2	0.8	7.6	1.4	645.1	13,635	8
Fabricated metals products (excluding machinery and transportation equipment)	39.5	9.6	5.7	0.5	9.9	2.8	10.2	0.8	520.6	11,330	38
Machinery (excluding electrical)	36.3	7.7	7.3	0.2	6.2	3.6	10.1	1.1	517.1	10,792	21
Electrical machinery and supplies	35.1	8.3	4.1	0.7	10.5	0.6	10.2	0.8	549.2	11,658	38
Transportation equipment	38.9	10.1	3.3	0.7	10.4	2.0	10.7	1.7	666.4	14,273	12
Instruments and miscellaneous manufacturing industries	34.9	8.2	3.8	0.5	8.7	1.6	11.5	0.5	545.4	11,408	28
Total, all nonmanufacturing	37.4	8.9	5.4	0.5	8.0	2.8	10.8	1.0	495.7	10,132	659
Public utilities (electric, gas, water, telephone, etc.)	42.3	8.0	6.8	1.0	10.5	2.7	12.4	0.8	721.4	15,195	113
Department stores	34.5	11.2	2.0	0.1	5.9	4.5	9.0	1.8	297.8	5,923	5
Trade (wholesale and other retail)	42.3	13.6	5.2	0.2	8.8	5.1	8.9	0.5	350.5	7,294	38
Banks, finance companies, and trust companies	31.9	7.4	5.6	0.4	6.1	2.6	9.0	0.9	436.4	8,746	63
Insurance companies	34.4	8.0	5.2	0.5	7.2	1.8	10.3	1.5	505.6	10,018	114
Hospitals	33.0	8.3	3.2	0.3	7.4	3.2	9.6	1.0	425.5	8,731	98
Miscellaneous nonmanufacturing industries*	37.1	9.5	5.9	0.3	7.1	2.6	11.2	0.6	480.6	9,905	228

**Includes research, engineering, education, government agencies, construction, etc.*

CHART 1. Employee Benefits as Percent of Payroll, by Industry Groups 932 Companies, 1988


Legally required payments
Retirement and savings plans
Life insurance and death benefits
Medical and medically related benefits
Paid rest periods
Payments for time not worked
Miscellaneous benefit payments
Total, all industries 37.0%
Total, all manufacturing 36.4
Manufacture of:
Food, Beverages and Tobacco 35.9
Textile products and apparel 33.3
Pulp, paper, lumber, and furniture 33.7
Printing and publishing 30.4
Chemicals and allied products 34.2
Petroleum industry 46.1
Rubber, leather and plastic products 41.1
Stone, clay, and glass products 35.4
Primary metal industries 42.8
Fabricated metal products 39.5
Machinery (excluding electrical) 36.3
Electrical machinery, equipment, and supplies 35.1
Transportation equipment 38.9
Instruments and miscellaneous manufacturing industries 34.9
Total all nonmanufacturing 37.4
Public utilities 42.3
Department stores 34.5
Trade (wholesale and other retail) 42.3
Banks, finance companies and trust companies 31.9
Insurance companies 34.4
Hospitals 33.0
Miscellaneous non manufacturing industires* 37.1

*Includes research, engineering, education, government agencies, construction, etc.

5. Industry Variations

Employee benefits vary significantly among the industries surveyed. In the past, manufacturing firms generally paid a greater percentage of payroll and dollar value of benefits than did nonmanufacturing firms. This is no longer true. Although manufacturing firms paid more in benefits in terms of actual dollars, benefits as a percent of payroll, are lower for manufacturing firms than those of nonmanufacturing firms. The shift between benefit levels of manufacturing and nonmanufacturing is mainly because manufacturers placed less money into defined benefit plans than in previous years, resulting in a significant decline in pension contributions. A report by an independent benefit consulting firm indicates that more than 85 percent of pension plans in a survey conducted by them reported that their pension plan assets covered vested benefits.

Manufacturing firms paid an average of 36.4 percent of payroll, or $11,758 per employee per year in benefits, adding nearly $5.57 per hour to the cost of an employee. Nonmanufacturing firms paid $10,132 per employee per year in benefits, or 37.4 percent of payroll, at $4.95 per hour.

Firms that are in more competitive industries, such as retailers and low-pay manufacturers, generally have a lower level of benefits than firms in concentrated industries that have fewer firms.

Higher-pay industries tend to pay more in benefits than lower-pay industries.. The reasons for this are twofold. Employee benefits, except for vacations, holidays, and other leave, are not taxable and thus higher-pay workers would prefer benefits to the taxable income. On the other hand, lower-paid employees need a greater share of their income more immediately, and therefore cannot afford to defer their incomes to long-term pay-off plans such as pensions.

More detailed data regarding the cost of benefits by industry as a percent of payroll, cents per payroll hour, and annual dollars per employee are shown in Tables 6, 7, and 8.

Table 6. Employee Benefits as Percent of Payroll, by Type of Benefit and Industry Groups, 1988

Type of benefit	Total, all industries	Manufacturing industries															Nonmanufacturing industries						
		Total, all manufacturing	Food, beverage, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equipment)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as percent of payroll	37.0	36.4	35.9	33.3	33.7	30.4	34.2	46.1	41.1	35.4	42.8	39.5	36.3	35.1	38.9	34.9	37.4	42.3	34.5	42.3	31.9	34.4	33.0	37.1
1. Legally required payments (employers' share only)	8.9	8.8	8.4	9.5	9.9	9.2	10.1	8.9	10.0	10.1	13.2	9.6	7.7	8.3	10.1	8.2	8.9	8.0	11.2	13.6	7.4	8.0	8.3	9.5
a. Old-Age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	6.9	6.9	6.9	7.1	6.8	7.4	7.2	6.8	7.3	7.1	7.3	6.9	6.5	6.8	7.1	6.9	6.9	6.9	7.4	7.2	6.3	6.9	7.0	6.9
b. Unemployment compensation	0.8	0.8	0.8	1.6	1.5	1.0	0.6	0.7	0.9	1.4	2.0	1.2	0.6	0.8	0.6	0.6	0.8	0.5	1.3	1.8	0.8	0.7	0.4	1.0
c. Worker's compensation (including estimated cost of self-insured)	1.1	1.1	0.6	0.7	1.6	0.9	2.2	1.3	1.8	1.5	3.9	1.6	0.5	0.6	2.4	0.8	1.1	0.6	2.4	4.5	0.2	0.4	0.9	1.4
d. State sickness benefits insurance and other				0.1			0.1	0.2									0.1		0.1		0.1			0.2
2. Retirement and savings plan payments (employers' share only)	5.0	4.5	5.6	3.6	4.1	4.8	1.0	9.8	4.2	4.2	2.1	5.7	7.3	4.1	3.3	3.8	5.4	6.8	2.0	5.2	5.6	5.2	3.2	5.9
a. Defined benefit pension plan contributions	2.0	1.7	1.2	1.6	1.3	1.1	0.2	6.3	3.3	1.3	0.7	2.4	2.2	2.0	0.4	0.6	2.2	3.8	1.1	1.8	1.5	1.9	1.5	1.6
b. Defined contribution plan payments (401K type)	0.9	0.6	0.1	0.1	2.1	1.1	0.5	0.4	0.6	1.3	0.2	0.7	0.4	0.1	1.8	2.1	1.1	1.4	0.2	0.5	1.6	1.0	0.7	1.4
c. Profit sharing	0.7	1.1	3.9	1.5			0.3	3.0	0.1	0.9	0.1	1.2	1.9	1.1	0.1	0.8	0.4		0.7	0.8	1.1	0.7	0.6	0.2
d. Stock bonus and employee stock ownership plans (ESOP)	0.2	0.2		0.1		2.5						0.4	1.0		0.1	0.2	0.2	0.4			1.1	0.2	0.1	0.1
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	0.5	0.1		0.1								0.5			0.4		0.8	0.7		1.8		0.8	0.1	1.4
f. Administrative and other cost	0.7	0.7	0.3	0.2	0.7	0.1		0.1	0.2	0.6	1.2	0.5	1.9	0.9	0.5	0.2	0.6	0.4		0.4	0.3	0.6	0.2	1.3
3. Life insurance and death benefit payments (employers' share only)	0.6	0.6	0.5	0.3	0.4	0.5	0.6	1.2	0.6	0.5	0.4	0.5	0.2	0.7	0.7	0.5	0.5	1.0	0.1	0.2	0.4	0.5	0.3	0.3
4. Medical and medically related benefit payments (employers' share only)	8.7	9.7	8.1	7.5	8.9	5.0	10.1	10.2	13.2	8.1	17.2	9.9	6.2	10.5	10.4	8.7	8.0	10.5	5.9	8.8	6.1	7.2	7.4	7.1
a. Hospital, surgical, medical and major medical insurance premiums (net)	6.5	6.8	5.9	6.5	7.0	4.3	6.7	6.8	6.3	6.4	7.5	8.2	5.3	7.1	7.9	6.9	6.2	7.6	4.9	8.0	4.4	5.6	6.2	5.6
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	0.8	1.2	0.6	0.4	0.6	0.4	2.7	0.9	1.9	1.0	8.2	0.7	0.1	1.3	0.6	0.6	0.5	0.8	0.4	0.5	0.4	0.5	0.2	0.5
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	0.4	0.6	0.5	0.2	0.2	0.1		1.7	0.8	0.3	0.6	0.3	0.3	1.0	0.2	0.1	0.3	0.5	0.1		0.5	0.2	0.1	0.1
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	0.2	0.1	0.3	0.1		0.1	0.1	0.1	0.7	0.1	0.1	0.1	0.1	0.1	0.3	0.1	0.3	0.3	0.2	0.1	0.1	0.3	0.2	0.2
e. Dental insurance program	0.6	0.7	0.7	0.4	1.0	0.1	0.6	0.4	1.0	0.2	0.5	0.5	0.3	0.8	1.1	0.8	0.5	0.8	0.2	0.1	0.3	0.4	0.5	0.5
f. Other (vision care, physical and mental fitness benefits for former employees)	0.3	0.3	0.1		0.1		0.2	0.3	2.6	0.2	0.4	0.1	0.1	0.2	0.3	0.1	0.2	0.4	0.1		0.4	0.2	0.1	0.2
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	2.3	1.7	4.1	4.9	1.4	1.2	1.2	2.6	1.3	2.4	0.8	2.8	3.6	0.6	2.0	1.6	2.8	2.7	4.5	5.1	2.6	1.8	3.2	2.6
6. Payments for time not worked	10.6	10.2	8.5	7.2	8.9	8.9	10.6	12.8	11.1	9.5	7.6	10.2	10.1	10.2	10.7	11.5	10.8	12.4	9.0	8.9	9.0	10.3	9.6	11.2
a. Payments for or in lieu of vacations	5.5	5.6	5.2	4.2	4.5	5.5	5.8	7.0	7.2	6.2	4.9	5.5	5.0	6.1	4.8	5.3	5.4	6.5	4.9	5.4	4.3	5.2	5.2	5.0
b. Payments for or in lieu of holidays	3.3	3.4	2.9	2.6	3.1	2.9	3.0	3.5	3.2	3.1	2.0	3.8	3.9	3.3	3.6	3.6	3.3	3.6	2.6	1.9	3.3	3.1	2.6	3.6
c. Sick leave pay	1.3	0.9	0.4	0.3	1.1	0.4	0.2	1.8	0.3	0.4	0.2	0.7	1.2	0.4	1.7	2.1	1.7	1.5	1.2	1.3	1.1	1.5	1.2	2.3
d. Parental leave (maternity and paternity leave payments)																								
e. Other	0.4	0.4	0.1	0.1	0.1	0.1	1.6	0.6	0.4	0.1	0.5	0.2		0.3	0.6	0.5	0.4	0.7	0.3	0.3	0.3	0.5	0.6	0.2
7. Miscellaneous benefit payments	0.9	0.9	0.7	0.2	0.2	0.7	0.5	0.4	0.8	0.6	1.4	0.8	1.1	0.8	1.7	0.5	1.0	0.8	1.8	0.5	0.9	1.5	1.0	0.6
a. Discounts on goods and services purchased form company by employees	0.2		0.1					0.1	0.4				0.1				0.3	0.2	1.8	0.1	0.2	0.1	0.1	
b. Employee meals furnished by company	0.1	0.1	0.1				0.3			0.1	0.1		0.2				0.1	0.1		0.1	0.1	0.4	0.2	
c. Employee education expenditures	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1		0.1	0.3	0.1	0.3	0.2	0.2	0.2			0.3	0.3	0.3	0.1
d. Child care																								
e. Other	0.5	0.6	0.3	0.1	0.1	0.6	0.1	0.1	0.3	0.4	1.2	0.7	0.6	0.6	1.5	0.2	0.4	0.4		0.3	0.3	0.8	0.4	0.4

*Includes research, engineering, education, government agencies, construction, etc.

...Less than 0.05%

Table 7. Employee Benefits as Cents per Payroll Hour, by Type of Benefit and Industry Groups, 1988

Type of benefit	Total, all industries	Manufacturing industries															Nonmanufacturing industries							
		Total, all manufacturing	Food, beverage, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equipment)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as cents per payroll hour	519.8	557.8	503.5	316.4	444.9	439.9	577.7	881.3	576.9	447.4	645.1	520.6	517.1	549.2	666.4	545.4	495.7	721.4	297.8	350.5	436.4	505.6	425.5	480.6
1. Legally required payments (employers' share only)	124.6	134.8	117.2	90.4	130.1	133.6	170.3	171.2	140.4	127.3	198.5	126.9	109.5	129.2	172.4	128	118.1	137.3	96.6	112.4	100.7	117.0	107.5	122.5
a. Old-Age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	97.0	105.6	97.1	67.3	89.2	107.2	121.8	130.0	102.4	89.5	110.1	90.3	93.0	107.0	121.5	107.2	91.6	118.0	63.8	59.9	86.0	100.9	89.6	88.8
b. Unemployment compensation	11.4	12.5	11.1	15.2	19.4	13.8	10.6	13.7	12.1	18.3	29.5	15.8	8.9	13.2	10.5	9.0	10.6	8.5	11.2	15.2	10.9	10.0	5.5	13.1
c. Worker's compensation (including estimated cost of self-insured)	15.5	16.3	8.9	6.5	21.1	12.4	37.0	24.0	26.0	19.5	58.2	20.8	7.5	8.9	40.4	12.4	14.9	10.7	20.6	37.2	2.9	5.7	12.0	18.4
d. State sickness benefits insurance and other	0.6	0.3	0.1	1.3	0.3	0.1	0.9	3.4			0.7		0.1	0.2		0.1	0.9	0.1	0.8	0.1	0.9	0.4	0.4	2.1
2. Retirement and savings plan payments (employers' share only)	70.7	69.3	79.0	34.4	53.9	69.4	17.4	188.1	58.5	52.8	31.9	75.2	104.2	64.8	56.3	60.1	71.6	115.8	17.2	43.4	75.9	76.0	41.0	76.8
a. Defined benefit pension plan contributions	28.3	26.5	17.3	15.3	17.3	15.5	2.9	120.8	46.3	17.0	10.2	31.5	31.1	31.1	6.7	9.3	29.5	65.5	9.6	15.0	20.5	27.6	19.2	20.9
b. Defined contribution plan payments (401K type)	12.9	9.7	1.7	1.0	27.6	16.0	8.7	8.0	7.8	16.0	2.9	8.9	5.7	1.9	30.2	33.3	15.0	24.6	1.3	4.1	21.5	14.7	9.1	17.7
c. Profit sharing	9.9	17.6	55.2	14.4	0.4	0.3	5.2	57.1	1.2	11.7	0.9	16.0	26.8	17.8	2.2	12.0	5.1	0.3	6.2	6.5	14.4	10.5	7.8	1.9
d. Stock bonus and employee stock ownership plans (ESOP)	2.9	2.9		1.0		35.5		0.6	0.5			5.0	13.6	0.1	1.1	3.0	3.0	6.0		0.1	15.3	3.0	1.1	1.0
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	6.9	1.1	0.5	0.9		0.1		0.2			0.4	7.0		0.2	7.6		10.6	11.8		14.6	0.1	11.9	0.7	17.9
f. Administrative and other cost	9.6	11.5	4.3	1.7	8.6	2.0	0.7	1.4	2.7	8.1	17.5	6.8	27.0	13.8	8.4	2.5	8.5	7.7	0.1	3.1	4.1	8.1	3.1	17.4
3. Life insurance and death benefit payments (employers' share only)	7.8	9.4	7.4	3.3	5.0	6.7	9.6	23.0	8.0	6.1	6.8	6.1	2.7	11.2	12.4	8.4	6.7	16.6	1.1	1.6	5.6	7.7	3.6	3.7
4. Medical and medically related benefit payments (employers' share only)	122.7	149.1	113.2	71.5	117.4	73.0	171.5	195.8	185.1	102.9	259.7	130.7	88.9	163.8	177.7	135.7	106.0	179.8	50.9	72.7	83.3	106.0	95.5	91.7
a. Hospital, surgical, medical and major medical insurance premiums (net)	90.7	104.6	82.1	61.8	92.5	61.9	112.8	129.9	87.9	81.1	112.7	108.4	75.7	111.3	134.6	107.7	82.0	130.3	42.6	66.2	60.7	82.0	79.7	72.4
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	11.3	17.7	8.2	3.5	7.9	6.1	45.1	17.8	26.2	12.9	123.6	9.2	1.5	20.2	10.7	9.7	7.3	14.1	3.5	4.4	5.2	7.9	2.7	5.9
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	5.8	9.5	6.5	1.6	2.8	1.6	0.2	32.8	10.9	3.3	8.6	3.7	4.0	15.0	3.7	2.2	3.5	9.2	1.0	0.4	6.4	2.7	1.2	1.9
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	2.8	2.0	4.5	0.8	0.6	1.6	0.9	1.2	9.8	0.7	1.1	1.1	1.3	1.0	5.2	1.1	3.4	5.5	1.9	0.7	1.9	5.0	2.9	2.7
e. Dental insurance program	8.4	11.4	10.3	3.4	12.7	1.7	9.5	8.5	13.7	2.9	7.1	6.7	4.4	12.9	18.3	13.2	6.6	13.3	1.6	1.0	4.2	5.2	7.1	6.5
f. Other (vision care, physical and mental fitness benefits for former employees)	3.5	4.0	1.6	0.5	0.9	0.2	2.9	5.6	36.5	1.9	6.6	1.6	1.9	3.4	5.1	1.4	3.3	7.5	0.4		4.8	3.1	1.9	2.4
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc	32.6	25.4	57.5	46.3	19.0	17.8	21.0	49.9	18.1	30.7	12.7	37.2	51.4	9.6	34.1	24.9	37.1	46.2	38.6	42.2	36.0	26.4	41.4	33.6
6. Payments for time not worked	148.4	156.8	120.0	68.9	117.1	129.2	178.9	245.5	155.3	120.5	114.7	134.0	144.4	158.8	184.0	180.4	143.1	212.1	77.7	73.8	122.8	150.9	123.9	144.5
a. Payments for or in lieu of vacations	77.5	86.2	72.3	39.4	58.9	79.2	97.7	134.8	101.1	78.4	74.2	72.5	71.4	95.4	82.2	82.6	72.0	111.0	42.7	44.9	58.6	75.8	66.5	64.8
b. Payments for or in lieu of holidays	46.4	51.4	40.3	25.1	41.6	42.4	51.1	66.1	44.3	39.2	30.1	49.9	55.5	51.9	61.3	56.0	43.2	62.2	22.3	15.7	44.9	45.6	33.0	47.1
c. Sick leave pay	18.7	13.5	6.1	3.0	15.1	6.0	2.6	33.9	3.7	4.9	3.0	9.1	17.0	6.9	29.7	33.6	21.9	26.0	10.5	10.8	15.0	22.4	15.9	30.2
d. Parental leave (maternity and paternity leave payments)	0.2	0.1	...	...	0.4	...	...	...	...	0.2	0.2	0.1	...	0.1	...	...	0.2	0.7	...	...	...	0.3	0.2	...
e. Other	5.8	5.7	1.3	1.3	1.1	1.6	27.5	10.6	6.3	1.3	7.1	2.3	0.5	4.4	10.8	8.2	5.8	12.3	2.2	2.4	4.3	6.8	8.2	2.5
7. Miscellaneous benefit payments	13.0	13.2	9.2	1.6	2.4	10.2	8.9	7.9	11.3	7.1	20.8	10.5	15.9	11.9	29.6	7.2	12.8	13.6	15.6	4.5	12.2	21.6	12.7	7.7
a. Discounts on goods and services purchased form company by employees	2.4	0.7	1.7	0.1	...	0.3	0.1	2.2	6.3	...	0.3	0.1	1.0	0.5	0.1	0.2	3.5	3.0	15.4	0.9	2.5	2.0	1.6	0.4
b. Employee meals furnished by company	1.3	0.8	1.5	...	...	...	5.1	0.7	...	0.7	1.3	...	2.9	...	0.1	0.7	1.6	1.3	...	0.5	1.1	5.4	2.8	0.3
c. Employee education expenditures	2.4	2.2	1.4	0.8	1.1	1.5	2.4	3.4	1.0	0.9	0.5	1.1	4.1	1.3	4.3	3.6	2.6	3.0	...	0.4	4.4	5.0	3.4	1.9
d. Child care		...	...	...	...	...	0.1	...	...	...	...	...	...	...	...	...	0.1	...	...	...	0.1	0.1	0.2	...
e. Other	6.8	9.5	4.6	0.8	1.2	8.4	1.2	1.5	4.1	5.6	16.7	9.3	7.9	10.1	25.0	2.7	5.2	6.3	0.2	2.7	4.1	9.1	4.8	5.1

*Includes research, engineering, education, government agencies, construction, etc.

...Less than 0.05%

Table 8. Employee Benefits as Dollars per Year per Employee, by Type of Benefit and Industry Groups, 1988

Type of benefit	Total, all industries	Manufacturing industries														Nonmanufacturing industries							
		Total, all manufacturing	Food, beverage, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equipment)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
Total employee benefits as dollars per year	10,750	11,758	10,274	6,605	9,283	8,282	12,544	18,381	12,380	9,599	13,635	11,330	10,792	11,658	14,273	11,408	10,132	15,195	5,923	7,294	8,746	10,018	8,731	9,905
1. Legally required payments (employers' share only)	2,577	2,840	2,392	1,887	2,716	2,515	3,698	3,570	3,014	2,731	4,196	2,762	2,286	2,742	3,692	2,693	2,415	2,892	1,921	2,338	2,018	2,318	2,205	2,524
a. Old-Age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	2006	2,225	1,982	1,406	1,862	2,018	2,645	2,712	2,197	1,920	2,327	1,965	1,940	2,270	2,601	2,243	1,872	2,486	1,270	1,246	1,723	2,000	1,838	1,831
b. Unemployment compensation	237	264	226	317	406	261	229	286	259	392	624	343	187	281	225	189	220	179	224	316	217	198	113	270
c. Worker's compensation (including estimated cost of self-insured)																								
d. State sickness benefits insurance	320	344	182	136	441	234	904	501	557	419	1230	454	156	188	865	259	305	225	411	774	59	112	247	380
and other	13	7	2	28	7	2	20	70	1	0	14	0	3	3	0	3	18	2	17	2	18	8	8	43
2. Retirement and savings plan payments (employers' share only)	1,463	1,460	1,612	718	1,126	1,306	378	3,923	1,256	1,133	674	1,637	2,175	1,376	1,206	1,257	1,464	2,440	343	903	1,521	1,505	840	1,584
a. Defined benefit pension plan contributions	586	558	354	320	362	293	63	2,520	993	365	215	686	649	659	144	195	603	1,379	191	312	410	547	394	431
b. Defined contribution plan payments (401K type)	268	205	34	21	576	301	188	168	168	343	62	194	119	39	648	697	306	518	26	84	430	292	187	365
c. Profit sharing	205	371	1,126	301	7	5	112	1,191	26	250	19	349	560	377	48	250	104	5	124	135	289	209	161	40
d. Stock bonus and employee stock ownership plans (ESOP)	61	60	0	21	0	669	1	11	11	0	0	110	283	2	24	62	61	127	0	3	307	60	22	21
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	143	23	11	28	0	3	0	3	0	0	8	151	0	4	162	0	216	248	0	304	2	235	13	368
f. Administrative and other cost	200	242	87	34	180	37	14	29	58	175	370	148	564	293	180	52	173	162	2	65	82	161	63	358
3. Life insurance and death benefit payments (employers' share only)	161	198	151	69	103	125	209	480	171	131	143	132	57	237	265	175	138	349	21	32	112	153	73	77
4. Medical and medically related benefit payments (employers' share only)	2538	3,142	2,310	1,493	2,449	1,375	3,724	4,083	3,972	2,207	5,491	2,845	1,856	3,477	3,805	2,839	2,167	3,787	1,013	1,512	1,670	2,100	1,960	1,890
a. Hospital, surgical, medical and major medical insurance premiums (net)	1877	2,205	1,676	1,291	1,931	1,165	2,450	2,709	1,886	1,740	2,383	2,360	1,581	2,362	2,883	2,252	1,676	2,745	846	1,378	1,217	1,625	1,635	1,492
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	233	373	167	73	164	115	979	371	563	276	2,612	200	32	429	230	202	148	296	69	91	105	156	56	121
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	121	200	133	33	58	30	5	684	233	71	181	80	83	318	80	46	72	193	20	8	128	54	25	39
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	59	41	91	16	13	30	19	24	211	16	24	24	28	21	111	24	70	116	37	14	39	100	60	55
e. Dental insurance program	175	240	211	70	265	33	206	178	295	63	151	146	93	275	392	277	135	280	32	21	84	103	145	134
f. Other (vision care, physical and mental fitness benefits for former employees)	73	84	32	9	19	3	64	116	783	41	139	34	39	71	110	30	87	157	9	0	97	62	38	50
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc.	674	535	1,174	966	397	335	457	1,041	389	660	268	810	1,073	203	731	520	759	973	768	878	721	523	850	693
6. Payments for time not worked	3070	3,304	2,448	1,438	2,443	2,433	3,884	5,119	3,334	2,584	2,424	2,915	3,014	3,371	3,940	3,774	2,926	4,467	1,546	1,536	2,460	2,990	2543	2,979
a. Payments for or in lieu of vacations	1,602	1,816	1,476	824	1,229	1,491	2,121	2,811	2,169	1,683	1,569	1,579	1,490	2,025	1,761	1,728	1,471	2,337	849	935	1,174	1,502	1,365	1,336
b. Payments for or in lieu of holidays	959	1,083	822	524	867	798	1,110	1,379	951	841	636	1,086	1,159	1,102	1,312	1,172	883	1,309	444	327	900	904	678	970
c. Sick leave pay	386	284	124	62	316	112	56	707	78	105	63	198	355	147	636	702	448	547	209	224	300	445	326	621
d. Parental leave (maternity and paternity leave payments)	3	2	0	0	9	1	0	0	0	3	4	2	0	3	0	0	4	14	0	0	1	5	5	0
e. Other	119	119	26	28	22	31	597	221	135	28	151	50	9	94	231	171	120	260	44	50	85	135	168	51
7. Miscellaneous benefit payments	269	279	187	34	50	192	194	164	243	153	440	229	332	252	634	150	263	287	311	94	244	429	261	159
a. Discounts on goods and services purchased form company by employees	50	15	34	2	1	5	1	46	134	0	6	2	21	10	3	4	71	63	306	20	50	40	32	8
b. Employee meals furnished by company	26	18	31	0	1	1	111	15	0	16	28	0	61	1	3	14	32	27	0	10	21	106	57	5
c. Employee education expenditures	50	47	28	16	24	28	53	71	21	18	11	24	66	27	93	75	52	64	1	8	89	99	70	39
d. Child care	1	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	1	0	0	0	2	3	4	1
e. Other	141	200	95	16	25	158	27	32	89	119	395	201	164	214	536	57	105	133	4	57	81	181	98	106

*Includes research, engineering, education, government agencies, construction, etc.

6. Regional Variations

Table 9 shows benefit payments by region for the various industry groups. The regions are based on geographic designations used by the U.S. Census Bureau. The determination of the geographic location of the firm is based on the mailing address of the firm's headquarters. For example, a firm headquartered in New York with stores or factories all across the nation would be located in the North East in our survey system.

There are regional variations in the percent of payroll spent on benefits. Regional differences in benefit packages do not appear to be as polarized as they have been in past years. For example, the West, which at one time had a lower level of benefit payments, now has the highest level of benefits as a percent of payroll among the four geographic regions. Benefits in the West are driven by factors different from those in the older industrialized parts of the nation. Workers in many of the firms in the West are younger and more mobile. In the West benefits are used to attract more qualified workers, while in the older industrial regions benefits constitute an obligation to workers with long tenure and retirees.

Compared to last year, benefits, as a percent of payroll, decreased in all regions of the country except for the West. The lowest level of benefits, 35.2 percent of payroll, was reported in the Northeast where benefit payments rose at a slower pace than payroll. On a regional basis, the West showed the largest increase. The East North Central showed the largest decline, attributable to much lower payments into pension funds than had been reported in the previous year.

Based on this year's survey, there appears to be more of a standardization of benefits nationally and across company size than in prior years. More than three-fourths of the cost of benefits paid to workers are voluntary benefits, and are not mandated by either federal or state laws.

Table 9. Employee Benefits as Percent of Payroll, by Region and Industry Groups, 1988

Industry group	Total, all regions	Northeast	East North Central	Southeast	West
Total, all industries	37.0	35.2	36.0	37.9	39.1
Total, all manufacturing	36.4	35.3	38.2	35.9	38.5
Manufacture of:					
Food, beverage, and tobacco	35.9	...	35.6	38.8	29.2
Textile products and apparel	33.3	...	...	33.3	...
Pulp, paper, lumber, and furniture	33.7	...	29.5	...	34.3
Printing and publishing	30.4	29.5	...	34.8	31.3
Chemicals and allied products	34.2	31.2	34.4	34.2	...
Petroleum industry	46.1	...	...	37.1	48.2
Rubber, leather, plastic products	41.1	...	46.5	36.7	...
Stone, clay, and glass products	35.4	31.1	...	...	37.3
Primary metal industries	42.8	43.7	...	38.0	...
Fabricated metals products (excluding machinery and transportation equipment)	39.5	48.7	37.0	38.2	37.6
Machinery (excluding electrical)	36.3	32.1	34.8	28.6	40.7
Electrical machinery and supplies	35.1	35.1	33.5	35.8	35.6
Transportation equipment	38.9	37.1	69.1	...	40.3
Instruments and miscellaneous manufacturing industries	34.9	35.9	36.6	33.2	34.7
Total, all nonmanufacturing	37.4	34.9	35.7	38.5	39.5
Public utilities (electric, gas, water, telephone, etc.)	42.3	41.4	38.5	42.0	43.8
Department stores	34.5	...	...	...	...
Trade (wholesale and other retail)	42.3	29.9	40.7	41.3	43.5
Banks, finance companies, and trust companies	31.9	32.3	31.9	29.3	35.2
Insurance companies	34.4	35.4	32.6	36.8	37.6
Hospitals	33.0	29.3	36.5	32.5	36.2
Miscellaneous nonmanufacturing industries	37.1	31.8	39.1	37.6	36.8
Number of companies	932	181	219	271	261

**Includes research, engineering, education, government agencies, construction, etc.*
...Fewer than three companies reporting

NORTHEAST	Conneticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
EAST NORTH CENTRAL	Illinois, Indiana, Michigan, Ohio, and Wisconsin
SOUTHEAST	Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia
WEST	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming

7. Size of Company Variations

In 1988, as in earlier years, larger firms generally paid more benefits than smaller firms, as shown in Table 10.

The highest level of benefits was reported by firms with 5,000 or more employees, which paid 37.1 percent of payroll for benefits. There appears to be more of a standardization of benefits between firms of all sizes this year, compared to earlier years when there were greater differentials based on firm size. The greatest differential is between the smallest firms (those with less than 100 employees) and all other firms. It appears that once firms reach the 100 employee level it adopts a fairly standard benefits package. Survey participants with less than 10 employees had the lowest benefits level, 29.0 percent of payroll, and those with 10 to 49 employees paid 32.7 percent of payroll for benefits.

Regardless of industry, firms with less than 100 employees generally had the lowest level of benefits, except for small hospitals and public utilities.. The hospital industry appears to be one of the few industries where larger firms have a lower level of benefits than smaller firms. Because of the complexity of the benefit laws, smaller, owner-operated firms usually cannot offer the same variety of benefits as larger companies with benefit specialists.

Table 10. Employee Benefits as Percent of Payroll, by Size of Company and Industry Groups, 1988

	Number of Employees						
	Total, all companies	Under 100	100-499	500-999	1,000-2,499	2,500-4,999	5,000 and over
Total, all industries	37.0	34.2	37.0	35.4	36.5	36.2	37.1
Total, all manufacturing	36.4	33.6	35.7	36.4	36.3	36.1	36.4
Manufacture of:							
Food, beverage, and tobacco	35.9	33.2	37.5	...	36.3	...	35.8
Textile products and apparel	33.3	...	37.5	30.2	30.6	...	...
Pulp, paper, lumber, and furniture	33.7	34.8	31.5	36.4	...	...	...
Printing and publishing	30.4	38.4	32.2	...	35.5	...	...
Chemicals and allied products	34.2	29.2	36.3	...	30.7	...	...
Petroleum industry	46.1	...	40.9	...	33.6	...	...
Rubber, leather, plastic products	41.1	...	37.8	...	...	...	41.6
Stone, clay, and glass products	35.4	34.8	33.3	...	...	...	...
Primary metal industries	42.8	...	...	...	...	...	...
Fabricated metals products (excluding machinery and transportation equipment)	39.5	35.1	36.6	42.3	42.1	...	...
Machinery (excluding electrical)	36.3	...	37.6	33.4	...	...	36.4
Electrical machinery and supplies	35.1	...	32.3	34.5	36.1	33.2	35.1
Transportation equipment	38.9	...	...	...	...	...	38.8
Instruments and miscellaneous manufacturing industries	34.9	...	32.4	36.2	...	43.1	34.5
Total, all nonmanufacturing	37.4	34.6	37.7	34.9	36.6	36.2	37.8
Public utilities (electric, gas, water, telephone, etc.)	42.3	43.2	42.1	39.0	40.5	39.8	43.0
Department stores	34.5	...	...	...	...	...	34.5
Trade (wholesale and other retail)	42.3	30.4	31.1	...	31.9	...	43.5
Banks, finance companies, and trust companies	31.9	35.7	35.5	32.3	32.9	24.8	32.8
Insurance companies	34.4	32.4	37.3	35.6	34.3	35.1	34.3
Hospitals	33.0	39.4	35.1	32.0	33.5	35.2	32.0
Miscellaneous nonmanufacturing industries*	37.1	33.9	38.1	35.3	37.3	35.2	37.3
Number of companies	932	198	229	117	186	77	125

**Includes research, engineering, education, government agencies, construction, etc.*
...Fewer than three companies reporting

8. Pension and Insurance Costs

Employer payments are reported on a net basis after deducting dividends or credits returned to employers. In addition, some firms with pension plans reported that they were not obligated to contribute to these funds because the value of their portfolios had placed their plans at the required level of funding without additional contributions being made in 1988. The only cost incurred by those funds were generally administrative costs.

Pensions, Payments, Bonuses, and Savings Plan Payments

As shown on Table 11, 795 of the 932 firms participating in this year's survey made some payment to a savings plan, pension fund, profit-sharing plan or similar plans. The rest indicated that they did not make any contributions to such plans for their employees. Firms not participating in either pension, profit sharing, savings or some form of deferred compensation represented 14.7 percent of the firms participating in the survey, almost identical to last year. This is not to say that every employee in those firms offering such plans was eligible to participate, but it indicates that those firms made some payments into a plan for at least some employees.

While the percentage of firms reporting payments for pension, profit-sharing and other savings plans was identical to that of the previous year, the amount paid into these plans declined significantly. The lower percent of payroll contributed to these plans may be a result of the strong stock market in recent years that may have helped many firms fund their pension plan at lower costs than what might have been expected.

The average payment to pension plans, bonuses, or savings plan payments in 1988, shown in Table 12, was 5.0 percent of payroll, down significantly from the 6.6 percent of payroll reported last year. The decline in pension plan premiums were in payments to defined benefit plans that declined from 2.5 percent of payroll to 2.0 percent of payroll, and payments for insurance type pension contracts that declined from 1.6 to 0.5 percent of payroll. At the same time payments to defined contribution plans increased from 0.8 to 0.9 percent of payroll. The two types of pension plan premiums, insurance-type plans and contributions to defined benefit plans are more traditional type of plans that give workers benefits based on pay, years of service or similar criteria. Such plans have declined in importance from 4.1 percent of payroll to 2.5 percent of payroll in the past year, while the newer plans, such as 401K type plans became more important.

Defined contribution plans, such as the 401K type plans, registered an increase from 0.8 in 1987 to 0.9 percent in 1988, keeping the ratio of employee contributions to employer contributions at about four to one. Profit-sharing, stock bonuses, and administrative and other costs remained about the same percentage of payroll.

Table 11. Pension Payments, Bonuses, and Savings Plan Payments by Industry Group, 1988

Industry Group	Total companies in survey	Number of companies paying specified percent of payroll for pensions								
		0%	0.1-1.9%	2.0-3.9%	4.0-5.9%	6.0-7.9%	8.0-9.9%	10.0-11.9%	12.0- 13.9%	14.0% and over
Total, all industries	932	137	81	218	174	111	92	60	21	38
Total, all manufacturing	273	44	28	75	56	33	15	11	4	7
Manufacture of:										
Food, beverage, and tobacco	22	3	1	7	5	3	...	1	...	2
Textile products and apparel	15	1	4	4	3	2	1	...	...	...
Pulp, paper, lumber, and furniture	17	3	1	8	2	2	1	...	...	...
Printing and publishing	19	6	1	3	6	2	...	1	...	...
Chemicals and allied products	19	3	2	7	5	1	...	1	...	...
Petroleum industry	13	2	1	1	3	1	...	4	1	...
Rubber, leather, plastic products	14	4	...	5	2	1	1	...	1	...
Stone, clay, and glass products	9	4	1	2	...	1	1	...	...	...
Primary metal industries	8	1	...	3	4	...	...	...	...	...
Fabricated metals products (excluding machinery and transportation equipment)	38	5	3	5	8	7	3	4	1	2
Machinery (excluding electrical)	21	4	1	6	5	2	2	...	1	...
Electrical machinery and supplies	38	4	7	11	8	5	3	...	...	...
Transportation equipment	12	1	1	6	1	2	...	...	...	1
Instruments and miscellaneous manufacturing industries	28	3	5	7	4	4	3	...	...	2
Total, all nonmanufacturing	659	93	53	143	118	78	77	49	17	31
Public utilities (electric, gas, water, telephone, etc.)	113	7	6	16	22	14	19	15	6	8
Department stores	5	1	1	2	1	...	...	...	...	...
Trade (wholesale and other retail)	38	7	1	12	4	5	2	3	2	2
Banks, finance companies, and trust companies	63	4	3	18	15	14	4	5	...	...
Insurance companies	114	21	9	27	20	8	18	3	3	5
Hospitals	98	17	19	31	16	6	4	4	1	...
Miscellaneous nonmanufacturing industries	228	36	14	37	40	31	30	19	5	16

**Includes research, engineering, education, government agencies, construction, etc.*

... Less than .05%

Table 12. Pension Payments, Bonuses, and Savings Plan Payments by Type of Pension, and Industry Group, 1988

Industry group	Total companies in survey	Pension payments as percent of payroll						
		Total	Defined benefit pension plan contributions	Defined contribution plan payments	Profit sharing	Stock bonus and employee stock ownership plans (ESOP)	Pension plan premiums under insurance and annuity contracts	Administrative and other costs
Total, all industries	932	5.0	2.0	0.9	0.7	0.2	0.5	0.7
Total, all manufacturing	273	4.5	1.7	0.6	1.1	0.2	0.1	0.7
Manufacture of:								
Food, beverage, and tobacco	22	5.6	1.2	0.1	3.9	...	...	0.3
Textile products and apparel	15	3.6	1.6	0.1	1.5	0.1	0.1	0.2
Pulp, paper, lumber, and furniture	17	4.1	1.3	2.1	...	...	...	0.7
Printing and publishing	19	4.8	1.1	1.1	...	2.5	...	0.1
Chemicals and allied products	19	1.0	0.2	0.5	0.3	...	...	...
Petroleum industry	13	9.8	6.3	0.4	3.0	...	...	0.1
Rubber, leather, plastic products	14	4.2	3.3	0.6	0.1	...	...	0.2
Stone, clay, and glass products	9	4.2	1.3	1.3	0.9	...	...	0.6
Primary metal industries	8	2.1	0.7	0.2	0.1	...	...	1.2
Fabricated metals products (excluding machinery and transportation equipment)	38	5.7	2.4	0.7	1.2	0.4	0.5	0.5
Machinery (excluding electrical)	21	7.3	2.2	0.4	1.9	1.0	...	1.9
Electrical machinery and supplies	38	4.1	2.0	0.1	1.1	...	...	0.9
Transportation equipment	12	3.3	0.4	1.8	0.1	0.1	0.4	0.5
Instruments and miscellaneous manufacturing industries	28	3.8	0.6	2.1	0.8	0.2	...	0.2
Total, all nonmanufacturing	659	5.4	2.2	1.1	0.4	0.2	0.8	0.6
Public utilities (electric, gas, water, telephone, etc.)	113	6.8	3.8	1.4	...	0.4	0.7	0.4
Department stores	5	2.0	1.1	0.2	0.7	...	...	...
Trade (wholesale and other retail)	38	5.2	1.8	0.5	0.8	...	1.8	0.4
Banks, finance companies, and trust companies	63	5.6	1.5	1.6	1.1	1.1	...	0.3
Insurance companies	114	5.2	1.9	1.0	0.7	0.2	0.8	0.6
Hospitals	98	3.2	1.5	0.7	0.6	0.1	0.1	0.2
Miscellaneous nonmanufacturing industries*	228	5.9	1.6	1.4	0.2	0.1	1.4	1.3

**Includes research, engineering, government agencies, construction, etc.*
...Less than .05%

9. Percent of Companies Paying Employee Benefits

Payments for government mandated programs were virtually universal for all the firms surveyed. Workers are provided with Social Security, unemployment and workers compensation packages. The cost of these plans is about nine percent of payroll. Details of the percentage of firms paying specific benefits are shown in Table 13.

Retirement and savings plans participation this year does not appear to be significantly different from last year. More than 85 percent of the firms participating in both the 1987 and 1988 survey reported contributions to at least one form of either retirement, saving, profit sharing or stock purchase plan. The only significant difference in 1988, compared with 1987, was a shift in the types of plans offered. Firms that offer 401K plans increased from 39 percent of all firms in the survey in 1987 to 47 percent in 1988. There were declines reported for companies participating in all other types of plans including defined benefit plans, from 48 to 45 percent; profit sharing, 23 to 20 percent; stock bonus, 9 to 8 percent; and pension plan premiums under insurance and annuity contracts, from 12 to 11 percent.

This year, 77 percent of the firms reported paid rest periods, about the same as 1987. The percentage of firms that paid vacation and holiday remained about the same in 1988 as in 1987. In 1988, 94 percent of the participating firms offered paid vacation and 91 percent offered paid holidays. Eighty percent of the firms paid sick leave, about the same percentage as last year. Some firms, such as hospitals that operate on around-the-clock basis, now offer only one form of integrated leave for all purposes. Some other firms are also adopting cafeteria type plans that allow employees to choose the number of days off and the type of leave they take. The percent of firms reporting parental leave declined in 1988. This appears to be because employers include parental leave under short term disability and the integration of maternity leave into sick leave or other types of paid leave programs furnished by employers.

Payments for health insurance for retirees are included because, unlike pension plans that generally have a separate fund for future needs, health insurance for retirees is drawn from current operating funds. Thirty percent of firms reported payments for retiree health insurance, compared to 29 percent last year.

Only four percent of the firms in the survey reported making some payment toward either off-premise child care or on-premise child care -- the same percent as last year.

Average benefit cost as percent of payroll for companies paying employee benefits by industry are shown in Table 14. The percentages of payroll for the various benefits on this table are greater than the percentages reported in other tables since they are the percentages of payroll of those firms offering the specific benefits noted, not of all the firms.

Table 13. Percent of Companies Paying Employee Benefits, 1988

Type of benefit	Total, all industries	Manufacturing industries														Nonmanufacturing industries							
		Total, all manufacturing	Food, beverage, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equipment)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
1. Legally required payments (employers' share only)																								
a. Old-Age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
b. Unemployment compensation	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
c. Worker's compensation (including estimated cost of self-insured)	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
d. State sickness benefits insurance	13	11	9	7	24	16	11	15	7	0	13	3	5	11	17	21	14	12	40	8	16	25	7	14
2. Retirement and savings plan payments (employers' share only)																								
a. Defined benefit pension plan contributions	45	49	55	60	76	32	42	54	57	33	50	55	38	45	50	39	43	65	60	26	41	39	54	33
b. Defined contribution plan payments (401K type)	47	47	32	27	47	47	58	46	43	33	50	37	38	61	58	61	47	60	20	39	71	53	27	42
c. Profit sharing	20	31	32	40	18	11	53	38	14	11	13	39	33	32	25	39	15	4	40	34	19	18	9	16
d. Stock bonus and employee stock ownership plans (ESOP)	8	8	0	13	0	21	5	8	14	0	0	13	10	5	8	7	7	17	20	8	16	5	1	4
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	11	9	23	7	0	16	0	8	0	0	13	13	0	16	17	4	11	11	20	3	11	18	7	11
f. Administrative and other cost	58	58	64	53	65	58	68	77	36	56	50	58	48	53	50	64	58	61	20	53	65	65	60	50
3. Life insurance and death benefit payments (employers' share only)	91	93	86	87	88	84	100	92	93	89	100	100	95	92	100	93	91	92	100	87	95	91	96	86
4. Medical and medically related benefit payments (employers' share only)																								
a. Hospital, surgical, medical and major medical insurance premiums (net)	98	100	100	100	100	100	100	100	100	100	100	100	100	97	100	100	98	98	100	97	98	99	99	96
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	30	29	32	13	35	21	26	46	21	22	50	24	43	21	50	25	30	42	20	13	35	46	14	24
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	39	56	45	47	76	32	42	46	57	78	100	56	57	56	50	61	32	36	60	37	38	35	27	26
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	64	56	68	40	53	63	63	62	29	44	100	50	43	55	83	57	68	73	80	58	78	69	77	58
e. Dental insurance program	58	60	73	33	59	47	68	85	36	44	50	55	67	66	75	64	56	68	60	37	62	54	68	49
f. Other (vision care, physical and mental fitness benefits for former employees)	42	43	45	13	47	16	32	62	43	56	50	53	38	45	67	43	41	49	20	13	46	54	43	34
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc	77	86	91	87	88	84	84	85	93	89	75	95	81	82	92	82	72	78	80	68	75	73	91	61
6. Payments for time not worked																								
a. Payments for or in lieu of vacations	94	97	91	93	100	100	89	92	93	100	100	100	100	100	100	96	93	99	100	84	97	90	96	90
b. Payments for or in lieu of holidays	91	96	91	87	100	95	84	92	93	100	88	100	100	97	100	100	89	99	100	74	95	88	88	86
c. Sick leave pay	80	72	77	47	47	84	58	92	57	56	63	68	67	79	100	89	83	94	80	63	87	86	92	75
d. Parental leave (maternity and paternity leave payments)	7	5	5	0	6	11	5	0	0	22	25	3	5	5	0	7	7	6	0	8	5	11	5	7
e. Other	59	66	50	67	71	63	37	85	64	56	75	79	62	71	75	64	56	88	60	32	43	61	64	40
7. Miscellaneous benefit payments																								
a. Discounts on goods and services purchased form company by employees	15	12	14	7	18	37	5	23	21	0	13	8	14	3	8	11	16	18	100	29	21	18	29	4
b. Employee meals furnished by company	23	14	18	7	24	5	21	38	0	11	38	5	14	13	6	14	27	36	20	13	25	45	29	15
c. Employee education expenditures	74	70	59	73	47	58	68	92	64	56	88	63	71	76	92	86	78	84	40	63	78	90	87	61
d. Child care	4	1	0	0	0	5	5	0	0	0	0	0	0	0	0	0	5	2	0	0	6	7	15	3
e. Other	72	76	86	53	82	74	63	77	79	78	100	84	62	68	83	82	71	82	40	71	76	80	73	59

*Includes research, engineering, education, government agencies, construction, etc.

Table 14. Average Benefit Costs as Percent of Payroll for Companies Paying Employee Benefits, 1988

Type of benefit	Total, all industries	Manufacturing industries														Nonmanufacturing industries							
		Total, all manufacturing	Food, beverage, and tobacco	Textile products and apparel	Pulp, paper, lumber, and furniture	Printing and publishing	Chemicals and allied products	Petroleum industry	Rubber, leather, and plastic products	Stone, clay, and glass products	Primary metal industries	Fabricated metal products (excluding machinery and transportation equipment)	Machinery (excluding electrical)	Electrical machinery, equipment and supplies	Transportation equipment	Instruments and miscellaneous manufacturing industries	Total, all nonmanufacturing	Public utilities (electric, gas, water telephone, etc.)	Department stores	Trade (wholesale and other retail)	Banks, finance companies, and trust companies	Insurance companies	Hospitals	Miscellaneous nonmanufacturing industries*
1. Legally required payments (employers' share only)																								
a. Old-Age, Survivor, Disability and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	69	69	69	71	68	74	72	68	73	71	73	69	65	68	71	69	69	69	74	72	64	69	70	69
b. Unemployment compensation	08	08	08	16	15	10	06	07	09	14	20	12	06	08	06	06	08	05	13	18	08	07	04	11
c. Worker's compensation (including estimated cost of self-insured)	11	11	08	07	16	09	22	13	18	15	39	16	05	06	24	08	11	06	24	45	02	04	10	14
d. State sickness benefits insurance	01	00	00	03	00	02	02	02	00	00	03	00	00	00	00	01	02	00	01	03	01	01	01	05
2. Retirement and savings plan payments (employers' share only)																								
a. Defined benefit pension plan contributions	33	28	19	17	14	13	06	66	35	23	27	30	41	33	09	08	36	46	13	43	25	43	22	36
b. Defined contribution plan payments (401K type)	20	17	10	02	23	12	14	22	06	20	09	13	10	10	21	23	21	18	07	21	19	23	12	33
c. Profit sharing	23	29	112	17	05	25	22	37	04	56	15	26	42	21	12	46	16	13	10	14	37	22	15	10
d. Stock bonus and employee stock ownership plans (ESOP)	17	21	00	03	00	32	01	73	73	00	00	65	26	04	10	19	16	16	00	02	27	16	50	09
e. Pension plan premiums (net) under insurance and annuity contracts (insured and trusted)	34	18	11	25	00	01	00	01	00	00	16	39	00	05	31	04	37	76	01	36	02	21	08	42
f. Administrative and other cost	12	13	03	03	07	01	02	01	03	08	13	07	22	21	19	02	11	06	01	07	04	10	04	21
3. Life insurance and death benefit payments (employers' share only)	06	06	05	04	04	05	06	12	06	05	04	05	02	07	07	05	06	11	01	04	04	05	03	03
4. Medical and medically related benefit payments (employers' share only)																								
a. Hospital, surgical, medical and major medical insurance premiums (net)	65	68	59	65	70	43	67	68	63	64	75	82	53	71	79	69	62	78	49	80	44	56	62	56
b. Retiree (payments for retired employees) hospital, surgical medical, and major medical insurance premiums (net)	12	14	07	08	03	06	37	07	28	15	70	14	01	15	16	04	10	14	05	14	06	09	05	10
c. Short-term disability, sickness or accident insurance (company plan or insured plan)	07	08	06	02	02	09	02	22	08	03	06	06	06	10	04	02	06	09	03	01	07	06	04	03
d. Long-term disability or wage continuation (insured, self-administered, or trusts)	03	02	03	02	01	01	03	01	08	02	01	02	03	01	03	03	04	04	02	02	02	07	04	03
e. Dental insurance program	08	09	09	04	10	06	07	04	11	05	05	09	06	09	11	09	07	09	05	04	04	07	07	07
f. Other (vision care, physical and mental fitness benefits for former employees)	04	04	01	01	01	00	15	03	29	02	05	03	03	02	18	01	05	06	05	01	05	04	02	05
5. Paid rest periods, coffee breaks, lunch periods, wash-up time, travel time, clothes change time, get ready time, etc	34	25	41	51	24	43	33	27	22	25	26	35	41	14	20	17	40	32	58	54	44	30	43	45
6. Payments for time not worked																								
a. Payments for or in lieu of vacations	56	56	52	42	45	55	58	71	75	62	49	55	50	61	48	53	55	65	49	55	43	54	53	51
b. Payments for or in lieu of holidays	34	34	29	27	31	29	30	35	33	31	20	38	39	33	36	36	33	36	26	19	33	33	29	37
c. Sick leave pay	15	09	07	04	13	14	02	18	05	05	03	09	12	04	17	22	19	16	12	15	13	18	17	26
d. Parental leave (maternity and paternity leave payments)	01	00	01	00	01	01	01	00	00	01	01	05	00	00	00	01	02	02	00	02	03	02	06	02
e. Other	06	05	01	02	01	05	24	06	07	01	05	02	04	03	07	05	07	09	03	05	09	07	09	03
7. Miscellaneous benefit payments																								
a. Discounts on goods and services purchased form company by employees	05	02	04	06	00	01	02	01	08	00	04	01	02	01	01	10	07	04	18	12	03	03	03	04
b. Employee meals furnished by company	04	03	03	00	02	01	10	02	00	01	03	00	06	02	15	01	04	02	04	02	03	08	05	01
c. Employee education expenditures	02	02	01	01	01	04	01	02	01	01	00	01	03	02	03	02	03	02	00	01	04	04	03	03
d. Child care	00	00	00	00	00	00	01	00	00	00	00	00	00	00	00	00	00	00	00	00	01	00	01	01
e. Other	07	10	05	06	01	25	02	03	03	05	12	09	06	16	15	02	05	04	01	04	04	08	05	06

*Includes research, engineering, education, government agencies, construction, etc.

10. Payroll Deductions for Employee Benefits

Payroll deductions for employee benefits (Table 15) amounted to 11.6 percent of payroll. The major part of these deductions went to the Old Age, Survivors, Disability and Health Insurance (OASDHI) programs.

Employee contributions to health and life payments amounted to 1.5 percent of payroll, indicating that employees were absorbing approximately 14 percent of the cost of their insurance programs, this is a slight decline from 1987 when employees paid about 17 percent of the combined cost of health and life insurance. The total cost of health and life insurance when both the employer and employee cost are added together is 10.8 percent of payroll. Employers have absorbed virtually the entire increase in medical costs between 1987 and 1988.

Employee deductions for retirement and savings plans increased during the past year. In 1986, employers reported employee deductions for pension and savings plans of 2.7 percent of payroll, compared to 3.0 percent in 1987 and 3.5 percent in 1988. This attests to the growing popularity of programs such as the 401K plans that allow employees to contribute money into these plans without paying taxes until either retirement or some emergency need for money should arise. Based on an analysis of the data in this survey, about 4.4 percent of payroll is going into these plans, of which 3.5 percent is contributed by the employees and 0.9 percent by employers. The ratio of employee to employer contributions is about $4.00 being contributed by employees for every $1.00 that employers contribute to 401K and similar type plans. These programs should continue to grow in popularity as a result of the limits on the deductibility of Individual Retirement Account (IRA) contributions based on income limitations under the present tax law.

Similarly, the employee cost of life insurance exceeds the employer contribution. This is probably due to the limit on the amount of life insurance that can be provided to employees by employers. This results in employers shifting benefit dollars to other insurance plans, such as health insurance and savings plans, where the benefit dollars are not taxed. Employees covered by this survey paid 53 percent of the cost of life insurance, compared with 12 percent of the cost of health insurance.

Table 15. Payroll Deductions for Employee Benefits, 1988

Type of benefit	Deductions as percent of payroll					Total cents per hour	Total dollars per year
	Total deductions	OASDHI	Medically related benefits	Retirement and savings plans	Life insurance and other deductions		
Total, all industries	11.6	6.6	0.8	3.5	0.7	162.2	3,355
Total, all manufacturing	12.5	6.7	0.5	4.2	1.0	190.7	4,019
Manufacture of:							
Food, beverage, and tobacco	10.6	6.9	0.8	2.2	0.7	149.1	3,043
Textile products and apparel	10.4	6.6	2.1	1.5	0.2	99.0	2,066
Pulp, paper, lumber, and furniture	8.9	6.8	0.2	1.7	0.2	117.7	2,455
Printing and publishing	10.0	7.4	0.5	1.8	0.3	144.1	2,714
Chemicals and allied products	14.0	8.0	0.4	5.0	0.5	236.6	5,137
Petroleum Industry	14.9	6.8	2.5	5.2	0.4	285.4	5,952
Rubber, leather, and plastic products	10.3	7.3	0.6	2.1	0.3	144.5	3,101
Stone, clay, and glass products	9.6	7.2	0.3	2.1	0.1	121.6	2,609
Primary metal industries	7.8	7.3	0.1	0.4	0.1	118.1	2,497
Fabricated metals products (excluding machinery and transportation equipment)	10.3	6.8	0.6	2.3	0.5	135.0	2,939
Machinery (excluding electrical)	13.9	6.6	0.8	2.7	3.8	197.5	4,122
Electrical machinery and supplies	13.0	6.8	0.2	5.7	0.2	202.9	4,306
Transportation equipment	8.6	5.2	0.1	3.2	0.1	147.5	3,160
Instruments and miscellaneous manufacturing industries	17.5	7.2	0.4	5.1	4.8	272.7	5,703
Total, all nonmanufacturing	12.5	6.7	0.5	4.2	1.0	190.7	4,019
Public utilities (electric, gas, water, telephone, etc.)	11.1	6.3	0.4	4.1	0.4	189.1	3,984
Department stores	9.1	7.4	0.9	0.1	0.7	78.5	1,561
Trade (wholesale and other retail)	9.4	8.2	0.4	0.5	0.3	78.1	1,626
Banks, finance companies, and trust companies	10.8	6.5	1.1	2.9	0.4	147.6	2,959
Insurance companies	10.8	6.8	1.3	2.3	0.6	159.0	3,150
Hospitals	10.8	6.8	1.7	1.7	0.6	139.4	2,860
Miscellaneous non manufacturing industries*	11.6	5.7	1.5	4.0	0.5	150.6	3,103

**Includes research, engineering, education, government agencies, construction, etc.*

11. Benefits Paid to Part-Time Workers

Part-time employees generally do not receive all the benefits that full-time employees receive. However, this policy varies considerably according to industry. Manufacturing firms that generally do not have significant numbers of part-timers do not seek to make special accommodations for such workers, while many hospitals and banks that have large numbers of part-time workers have developed special benefits packages to attract and keep part-time employees.

The industries that reported a significant percentage of part-time employees were printing and publishing, department stores, other wholesale and retail trade companies, banks and finance companies, miscellaneous nonmanufacturing firms and hospitals. Industries that made extensive use of skilled part-time workers tended to offer them more benefits than other industries.

While more than 16 percent of the total firms reported giving all benefits to part-timers, many firms provided one or more of the other benefits provided their full-time workers. Vacation benefits were provided by more employers than any other benefit. More than 36 percent of the firms gave paid vacation to part-timers, and 24.5 percent provided health care. The industry that was most likely to give benefits to part-time employees was hospitals. About one-third of the hospitals gave all benefits to part-time workers, and nearly seventy percent of the hospitals gave vacation and other benefits to their part-time employees.

BENEFITS PROVIDED TO PART-TIME EMPLOYEES

Benefit	Percent of Firms Giving	
	Part-Timers Benefit	Full-Timers Benefit
All Benefits	16.5%	100%
Health	24.5	98
Retirement	34.7	85
Vacation	36.1	94

12. Total Employee Benefits Costs

Total employee benefits for all employees are estimated at $891.45 billion for 1988, as shown on Table 17.

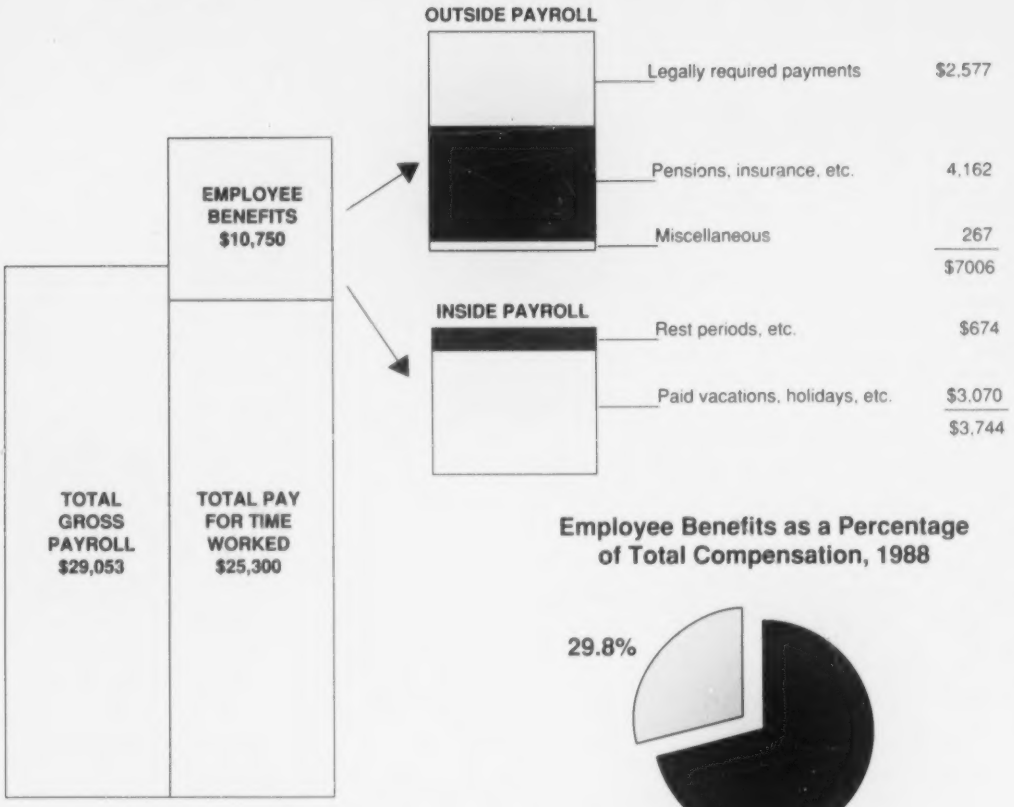
In comparison, in 1955, benefits were 17.0 percent or $36.1 billion. This included 3.3 percent of payroll for legally required payments, 3.6 percent for pensions, insurance and other agreed upon payments, 3.0 percent for rest periods, 5.9 percent for vacations, holidays, sick leave and other time not worked, and 1.2 percent for other benefits. The only benefit that does not appear to have increased is paid rest periods. This may be due to the changed nature of the workforce with more service workers and fewer industrial workers resulting in less formal arrangements for rest periods.

By 1965, benefits increased to 21.5 percent of wages and salaries, or $78.2 billion. This included 5.3 percent for legally required payments, 4.6 percent for insurance and pension type plans, 3.1 percent for paid rest periods, 7.3 percent for vacations and other paid time away from work, and 1.2 percent for other benefits.

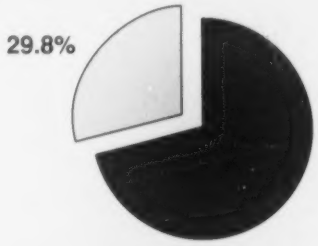
Between 1965 and 1975, benefit payments increased significantly faster than payroll, going from 21.5 to 30 percent of payroll. One-third of the increase was a result of mandated increases, mainly Social Security Taxes. Another third was attributable to increases in the cost of insurance and pension programs. The rest of the increased cost of benefits resulted from employers granting more vacations, holidays and sick leave to their employees.

Since 1975, benefits have grown from 30 percent of payroll to 36.7 percent of payroll. Nearly half of the increase is due to increases in mandated benefits. The remaining increase resulted from increases in insurance costs, mainly health insurance, and in the amount of vacations and holidays granted by employers. The estimated cost of benefits in 1988 of $891 billion was $76 billion more than total wages paid in 1975.

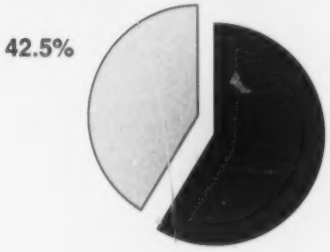
CHART 2. Average Annual Employee Benefits and Earnings, 1988



Employee Benefits as a Percentage of Total Compensation, 1988



Employee Benefits as a Percentage of Total Pay for Time Worked, 1988



Employee Benefits as a Percentage of Total Gross Payroll, 1988

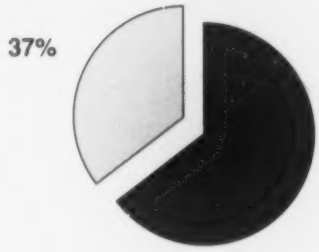


CHART 3. Total Employee Benefits as Percent of Payroll, 1951 to 1988

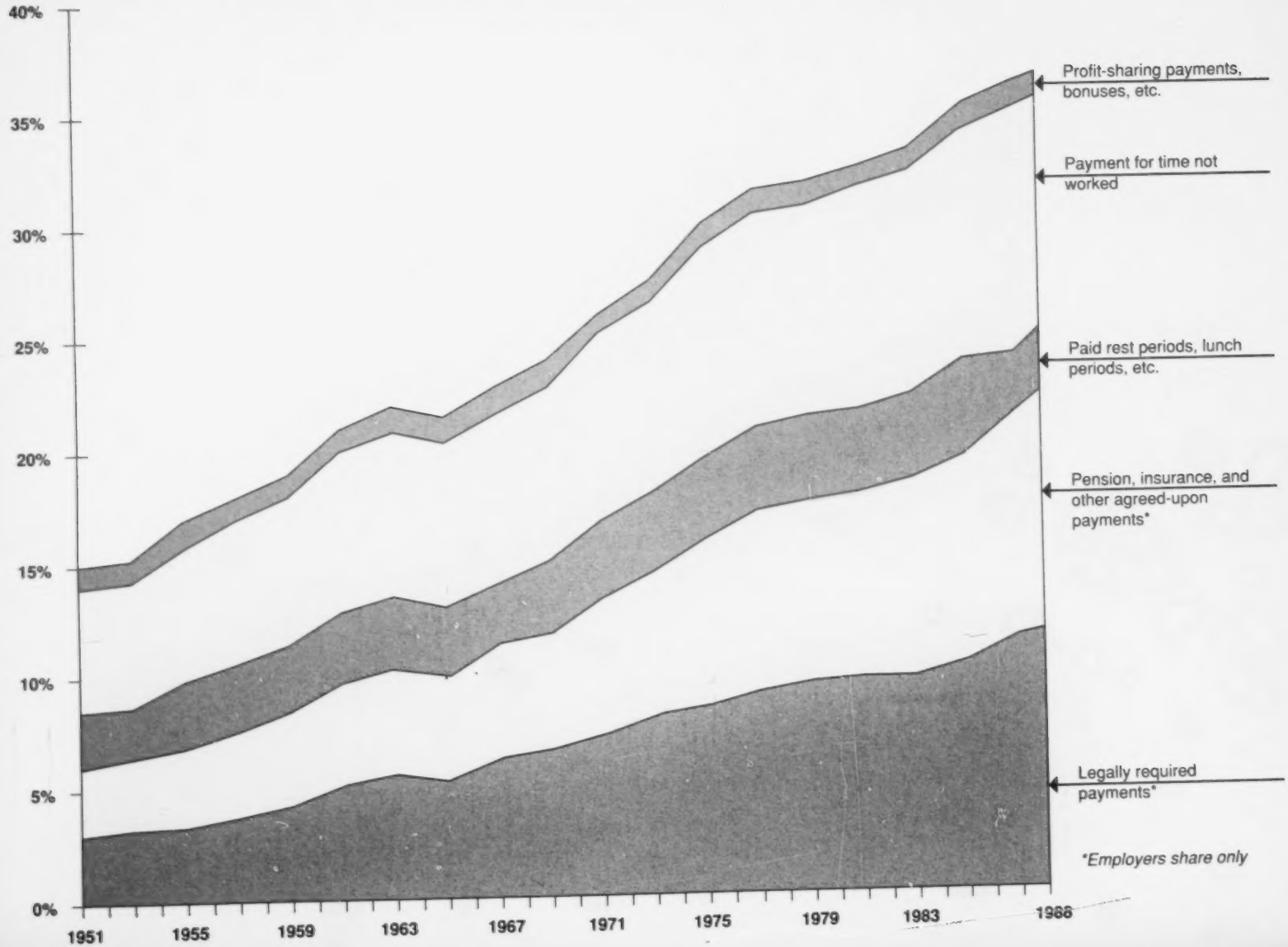


Table. 16 Wage Data, by Industry Groups, 1988

Industry group	Average hourly earnings as percent of payroll							Average hourly earnings as cents per hour							Total payroll dollars per year per full-time employee
	Total payroll	Straight-time pay	Overtime premium pay*	Holiday premium pay*	Shift differential	Earned incentive or production bonus	Other	Total payroll	Straight-time pay	Overtime premium pay*	Holiday premium pay*	Shift differential	Earned incentive or production bonus	Other	
Total, all industries	100	96.4	1.9	0.3	0.4	0.5	0.6	1,405	1,354	27	4	5	7	8	29,053
Total, all manufacturing	100	96.6	1.8	0.4	0.5	0.4	0.4	1,532	1,479	28	5	8	6	6	32,290
Manufacture of:															
Food, beverage, and tobacco	100	95.0	2.9	0.3	0.2	0.8	0.8	1,403	1,334	40	4	2	11	11	28,645
Textile products and apparel	100	94.3	1.8	2.2	0.9	0.7	0.1	950	896	17	20	8	6	1	19,834
Pulp, paper, lumber, and furniture	100	93.9	4.0	1.7	0.1	0.1	0.3	1,319	1,238	52	22	==	==	3	27,533
Printing and publishing	100	96.9	0.9	0.4	0.1	0.6	1.1	1,447	1,403	13	5	1	9	15	27,260
Chemicals and allied products	100	92.7	3.7	0.8	1.3	0.7	0.8	1,691	1,567	61	14	21	12	13	36,718
Petroleum industry	100	95.6	2.7	0.8	0.7	0.1	0.1	1,913	1,829	51	14	13	2	1	39,905
Rubber, leather, and plastic products	100	93.3	5.8	0.2	0.7	...	...	1,404	1,310	80	2	9	==	==	30,133
Stone, clay, and glass products	100	93.9	4.6	1.1	0.2	0.1	0.1	1,264	1,187	58	13	3	1	1	27,131
Primary metal industries	100	83.0	3.8	1.3	0.4	4.9	6.6	1,507	1,252	56	19	6	73	99	31,874
Fabricated metals products (excluding machinery and transportation equipment)	100	88.6	6.3	0.4	0.6	3.7	0.4	1,317	1,167	83	5	7	49	5	28,679
Machinery (excluding electrical)	100	98.3	1.0	0.4	0.3	...	...	1,424	1,400	13	6	3	==	==	29,729
Electrical machinery and supplies	100	98.4	0.9	...	0.4	0.2	0.1	1,564	1,538	14	==	6	3	1	33,196
Transportation equipment	100	96.3	1.9	0.4	1.0	0.2	0.2	1,711	1,649	33	6	16	3	3	36,667
Instruments and miscellaneous manufacturing industries	100	96.0	2.4	0.4	0.3	0.5	0.4	1,562	1,500	37	5	4	7	6	32,679
Total, all nonmanufacturing	100	96.2	2.0	0.2	0.3	0.5	0.8	1,324	1,274	26	3	4	7	10	27,069
Public utilities (electric, gas, water, telephone, etc.)	100	93.9	4.2	0.2	0.1	0.1	1.4	1,707	1,603	72	3	2	1	24	35,963
Department stores	100	99.2	0.7	0.1	...	...	...	864	856	6	==	==	==	==	17,189
Trade (wholesale and other retail)	100	97.4	0.9	0.1	0.3	0.5	0.8	828	806	7	==	2	3	7	17,236
Banks, finance companies, and trust companies	100	94.3	0.6	0.1	0.2	3.0	1.8	1,366	1,288	7	2	2	41	25	27,383
Insurance companies	100	98.1	0.8	0.2	...	0.5	0.4	1,469	1,441	11	2	0	7	5	29,110
Hospitals	100	93.7	1.7	0.7	1.5	0.8	1.6	1,288	1,207	21	8	19	9	20	26,438
Miscellaneous nonmanufacturing industries**	100	97.3	1.4	0.2	0.4	0.6	0.1	1,294	1,259	18	2	4	7	1	26,684

*Includes bonus or premium pay only. If employee receives $10.00 per hour for straight time and $15.00 for overtime, for each over time hour worked, $10.00 would be shown as straight-time pay and $5.00 as overtime pay.

**Includes research, engineering, education, government agencies, construction, etc.

==Less than 0.5¢

...Less than 0.05%

Table 17. Growth of Employee Benefits, 1929 to 1988

Type of payment	1929	1955	1965	1975	1986	1988
	(Percent of wages and salaries)					
1. Legally required	0.8%	3.3%	5.3%	8.4%	11.1%	11.6%
Old-Age, Survivors, Disability, and Health Insurance (FICA taxes)	0.0	1.4	2.3	4.6	5.9	6.1
Unemployment Compensation	0.0	0.7	1.0	0.8	1.2	1.0
Workers' compensation	0.6	0.5	0.7	1.0	1.0	1.6
Government employees retirement	0.2	0.5	1.0	1.7	2.8	2.7
Other	0.0	0.2	0.3	0.3	0.2	0.2
2. Agreed-upon	0.4	3.6	4.6	7.4	9.7	10.6
Pensions	0.2	2.2	2.3	3.6	2.8	4.1
Insurance	0.1	1.1	2.0	3.4	5.6	5.9
Other	0.1	0.3	0.3	0.4	1.3	0.6
3. Rest Periods	1.0	3.0	3.1	3.7	3.3	2.9
4. Time not Worked	0.7	5.9	7.3	9.4	10.2	10.4
Vacations	0.3	3.0	3.8	4.8	5.2	5.5
Holidays	0.3	2.0	2.5	3.2	3.1	3.2
Sick leave	0.1	0.8	0.8	1.2	1.4	1.3
Other	0.0	0.1	0.2	0.2	0.5	0.4
5. Bonuses profit-sharing, etc.	0.1	1.2	1.2	1.1	1.2	1.1
Total benefit payments	3.0%	17.0%	21.5%	30.0%	35.5%	36.7%
	(Billion Dollars)					
Wages and Salaries	$50.50	$212.10	$363.70	$814.70	$2,093.00	$2,429.03
Total benefit payments	$1.50	$36.10	$78.20	$244.40	$743.00	$891.45

Source: Estimated by U.S. Chamber of Commerce from U.S. Department of Commerce data and U.S. Chamber of Commerce Survey.

13. Supplements to Wages and Salaries

Table 18 is derived from U.S. Department of Commerce data on "other labor income" and "employer contributions for social insurance," published as part of its national income statistics. These data are comprised of employer expenditures for benefits, such the employers share of Social Security, employer provided health insurance, unemployment insurance pensions, and other costs associated with hiring a person but not paid directly as a part of wages and salaries. The data mainly covers legally required payments and expenditures for private pension and insurance plans not paid directly to employees.

Expenditures for items covered by the Department of Commerce shows that other labor income increased more than 10 times faster than payroll since 1935. Other labor income as a percentage of payroll increased from 1.8 percent of payroll in 1935, the year the Social Security Act was passed, to 19.7 percent in 1988.

Since 1965, the Department of Commerce measure of other labor income has increased from 9.5 percent of payroll to 19.7 percent of payroll, more than twice the rate of increase in payroll. This was due in large part to a more than seven fold increase in employer contributions for Social Security, which went from about $21 billion in 1965 to $148 billion in 1988.

Since 1980, other labor income increased from 17.9 percent of payroll to 19.7 percent of payroll in 1988. The major reason for the change since 1980 is the significant increase in Social Security taxes. Social Security contributions by employers have increased by 117 percent since 1980, nearly twice as fast as the 64 percent increase in wages and salaries for the same period. On the other hand, increases in privately agreed to supplements have increased only slightly faster than pay, increasing by 77 percent between 1980 and 1988. The main reason for the increase in privately agreed to benefits is the increase in health insurance costs. The increases in health insurance costs in the private sector have been offset by declining contributions to pension plans. According to the Department of Commerce, pension plan contributions were less in 1988 than they were in 1980, despite the 64 percent increase in wage and salary payments by employers. This may be related to the significant increases in the stock values since pension plans are heavily invested in stocks and thus would benefit from a rising market. But some benefits experts point to this as an indicator of renewed preference for pay, rather than benefits, as a result of lower personal income tax rates enacted during the 1980s and the increased use of IRAs and 401K plans allowing employees to plan for their own retirement.

Table 18. Supplements to Wages and Salaries, 1929 to 1988

Item	1929	1935	1940	1945	1950	1955	1960	1965	1970	1975	1980	1986	1988
							Million Dollars*						
Total supplements to wages and salaries	662	650	2,311	5,604	7,818	13,238	23,000	34,538	63,240	124,980	242,543	413,097	474,383
Employer contributions for social insurance	101	171	1,624	3,805	4,164	6,216	11,780	16,698	30,733	60,457	115,297	217,000	249,700
Federal social insurance funds	29	44	1,469	3,580	3,482	4,957	9,645	13,668	24,889	48,921	92,935	182,000	210,700
Old-Age, Survivor, and Disability Insurance	...	...	329	630	1,308	2,825	5,632	8,330	16,182	30,490	55,623	98,100	118,800
Hospital insurance	...	...	...	...	...	...	...	...	2,342	5,610	11,623	26,000	29,700
State unemployment insurance	...	7	813	1,011	1,217	1,221	2,300	3,076	2,493	5,516	12,973	18,200	18,000
Federal unemployment tax	...	...	98	174	232	304	343	558	854	1,294	3,463	5,700	5,200
Federal civilian employee retirement	21	32	93	227	316	144	838	1,146	2,215	4,353	7,436	11,800	13,800
Other Items	8	5	136	1,538	409	463	532	558	803	1,658	2,707	22,900	25,192
State and local social insurance funds	72	127	155	225	682	1,259	2,135	3,030	5,844	11,536	22,362	34,300	39,000
State and local employee retirement	72	127	155	225	510	985	1,775	2,525	5,091	10,170	19,103	30,000	33,100
Other items	...	...	...	...	172	274	360	505	753	1,366	3,259	4,300	228,937
Other labor income	561	479	687	1,799	3,654	7,022	11,220	17,840	32,507	64,523	127,246	196,097	224,683
Employer contributions to:													
Private pensions and welfare funds	169	180	282	1,132	3,534	6,845	10,969	17,485	31,937	63,595	125,439	192,471	203,867
Pension and profit-sharing	...	...	...	...	1,713	3,377	4,866	7,646	13,050	28,253	54,694	52,262	50,003
Group health insurance	...	...	...	...	781	1,706	3,374	5,890	12,099	24,043	48,949	107,224	132,824
Group life insurance	...	...	...	...	249	561	1,080	1,651	2,891	4,368	6,203	9,403	10,020
Workers' compensation	...	...	...	...	791	1,150	1,529	2,177	3,786	6,695	15,208	23,131	31,212
Supplemental unemployment	...	...	...	...	...	51	120	121	111	236	345	451	624
Other items	392	299	405	667	120	177	251	355	570	928	1,807	3,626	4,254
							Total supplements as percent of wages and salaries						
All industries	1.3	1.8	4.6	4.8	5.3	6.3	8.5	9.5	11.5	15.5	17.9	19.7	19.7
Agriculture, forestry, and fisheries	0.4	0.5	0.6	0.4	0.6	1.9	4.7	5.6	7.4	10.7	13.4	15.8	15.3
Mining	1.6	1.7	5.7	4.0	9.4	10.5	12.2	12.8	15.3	18.5	18.0	19.9	18.5
Contract construction	2.3	3.5	6.6	5.3	5.9	6.5	7.0	8.5	9.9	12.5	14.2	21.4	21.4
Manufacturing	0.9	1.2	5.2	5.1	6.6	8.3	10.8	12.0	14.4	19.6	22.9	22.1	22.2
Transportation	2.0	2.7	6.2	6.0	6.6	7.4	9.6	10.6	12.7	18.7	19.6	22.4	23.5
Communication	2.1	4.4	8.8	8.9	10.1	8.9	11.1	18.2	24.0	28.9	29.5	27.0	27.1
Electric, gas, and sanitory services	1.7	2.2	6.2	9.4	9.2	10.6	12.6	14.4	16.8	22.6	24.1	24.2	24.5
Wholesale and retail trade	0.6	0.8	3.9	3.4	3.8	4.3	6.4	7.6	9.4	11.9	13.8	15.2	15.3
Finance, insurance, and real estate	2.4	2.6	6.0	5.1	6.1	7.5	9.6	11.4	13.3	17.8	18.8	17.5	16.9
Services	0.4	0.6	2.4	2.2	2.5	3.3	5.1	6.2	7.9	11.5	13.0	14.1	13.7
Government and government enterprises	3.2	3.4	4.1	5.3	4.2	4.1	7.2	7.9	10.0	14.2	17.7	25.9	27.0
All private enterprises	1.1	1.4	4.8	4.5	5.5	6.7	8.7	9.9	11.9	15.9	17.9	18.3	18.1

**Data prior to 1986 do not reflect national income account revisions. The 1986 and 1987 "Other items" under "Federal social insurance funds" also includes militatary retirement, which was not included in earlier data.*

Source: U.S. Department of Commerce Data: Percentages computed by U.S. Chamber of Commerce.

14. How Employee Benefits Were Surveyed

As in earlier studies, it was necessary to go directly to the employers for the basic data on employee benefits. The mailing list included previous participants in the surveys and firms in the Survey Research Section's business samples taken from the U.S. Chamber of Commerce membership list. Questionnaires were also sent to firms requesting that they be included in the survey.

There were 965 respondents of which 932 were usable, out of the 8500 companies in the sample. This represents an 11.3 percent response rate.

In 1982, for the first time, the sample included firms with fewer than 100 employees, making the sample more representative of the business community. If the results from the benefit surveys of 1982-86 are compared with earlier surveys, one should be aware of several factors that could affect the findings. The sample size has increased. The composition of the sample was affected by the inclusion of firms from the Survey Research Section of the business community, which represented a scientific cross-section of U.S. business by industry, size of firm, and geographical region.

Employees Covered

This study covers all employees for the surveyed firms except officers. We have collected data for both hourly-paid and salaried employees and have published them together for aggregate benefits data, and separately in tables 4a, 4b and 4c. We will further analyze the data and publish additional findings in the months ahead.

Computation Method

The method of computation used in this study is outlined below. Also shown is a procedure for computing a company's benefit payments on a basis comparable to that used in this report.

In combining company data to form industry averages, the payrolls for individual companies were added together and the percentage of payroll given to benefits was derived by adding the total cost for each benefit by total payroll. This results in the data being weighted by size of payroll for each of the participating firms. However, the tables by size of firm and industry allows each firm to compare its benefit levels with firms of similar size in the same industry.

Your Company's Employee Benefits

After the U.S. Chamber's previous benefits studies were published, several companies inquired how their data might be complied on a comparable basis. This can be done by completing the questionnaire on pages 38-45 and performing the following computations.

1. Total benefit payments (Questionnaire items B through H). $_____
2. "Full-time equivalent" employees (In questionnaire item J, divide the hours for all employees by the hours for a full-time employee) _____

Employee benefit payments as: Percent of payroll (Item 1 above, divided by questionnaire item A-7) _____

Cents per payroll hour (Item 1 above divided by the total hours, including overtime hours, for all employees in questionnaire item J) _____

Dollars per year per employee (Item 1 above, divided by item 2 above) $_____

15. Employer Initiaves To Reduce Health Care Costs

This year's survey contained several additional questions relating to health benefits and what steps, if any, firms had taken to control escalating health insurance costs.

One series of questions related to the use of wellness programs, such as having health fairs to help employees spot any latent health problems they may have, and how effective the firms believed these programs were in reducing health costs, enhancing productivity, and reducing absenteeism.

More than half, 53.1 percent, of the firms said that they had sponsored wellness programs, such as health fairs, blood pressure testing and similar programs. The industries that were most likely to sponsor wellness programs were hospitals, 87.6 percent; transportation equipment producers, 75 percent; utility companies, 71 percent; petroleum producers, 69 percent; and insurance companies, 65 percent. Industries that either spent the most on health care or were in the health care or insurance business themselves tended to be more likely to have wellness programs than other firms.

More than 70 percent of the firms sponsoring wellness programs believed that these were an effective way of reducing health care costs and absenteeism, and enhancing productivity. These programs make employees aware of health problems they may have, such as high blood pressure, elevated cholesterol levels, glaucoma and other easily detected problems, which, if detected, can be treated routinely, but if left undetected could result in major debilitating problems in the future. Many employees may use health fairs as an alternative to routine physical exams, thus reducing the cost of company provided benefits to the employer.

COST SHARING -- ANOTHER WAY OF REDUCING HEALTH CARE COSTS

Rising health insurance costs have prompted many firms to establish cost containment measures. One third of the firms responding reported that during the last two years, they either instituted a deductible or raised an already existing deductible on their health insurance plans. In addition, an equal number of firms indicated that they had increased the percentage of health insurance premiums paid for by their employees. Even with many firms instituting cost containment measures, medical benefits costs to employers have increased significantly. Health premiums are increasing as a percent of payroll because premiums are rising substantially faster than pay rather than in tandem with pay. During the past year, the employers' share of medical and medically related costs per employee increased from 8 to 8.7 percent of payroll, or from $2,189 per year to $2,538 per year, a 16 percent increase, despite measures to control costs that many firms have taken. The cost of health and dental insurance to employers increased more than 19 percent in 1988, from $1,725 per employee to $2,052 per employee.

From 1979 to 1988, the employers' cost of providing medical and dental insurance increased by more than 150 percent. The main reason for this increase is the increase in the cost of medical care that has risen by nearly 120 percent in that period, nearly twice the 62 percent increase in the Consumer Price Index for all items. The problem is medical costs continue to rise at significantly faster rates than prices in general and unless employers introduce more cost sharing measures or find other ways of reducing their share, health insurance costs will continue to increase more rapidly than wages.

One way that employers are limiting their costs is by introducing cafeteria benefit plans. This gives employees a fixed contribution to health care costs and shifts the burden of any increase in the cost of health insurance to the employee rather than employer.

See the table on the growth of health and dental insurance since 1979 on the following page.

PER EMPLOYEE HEALTH AND DENTAL INSURANCE COSTS

Year	Percent Of Payroll	Dollars Per Year	CPI Med. Care	1979$
1979	5.9	814.90	100.0	814.90
1980	5.5	860.50	110.9	775.92
1981	5.8	1,032.70	123.4	836.30
1982	6.3	1,229.60	137.1	896.86
1983	6.8	1,412.00	149.1	947.02
1984	7.1	1,507.90	158.3	952.56
1985	6.9	1,491.90	168.2	886.98
1986	6.7	1,750.00	181.4	965.82
1987	6.2	1,725.00	206.5	835.35
1988	7.1	2,052.00	219.9	933.15

INCLUDING RETIREE HEALTH INSURANCE

1986	7.3	1,907.00	181.4	1,051.27
1987	6.9	1,912.00	206.5	925.91
1988	7.9	2,285.00	219.9	1,039.11

16. SPECIAL SECTION ON PROFIT-SHARING BENEFITS

We have received many requests to do a research regarding profit-sharing benefits. Two common questions arise in the area of profit sharing; whether firms that offer profit-sharing plans reduce other existing benefits or money wages offered to their employees offsetting profit sharing payments, and whether profit-sharing firms perform better than non-profit-sharing firms in terms of profits. This study uses the cross-sectional data gathered from our annual survey in 1987 to answer these two questions. The conclusions we have drawn are limited by the small size of the sample. Thus a more comprehensive data base is needed for further research to confirm the results which indicate as follows. First, it appears that profit-sharing firms do not reduce other benefits or wages in order to offset the provided profit-sharing benefits totally. Partial substitution of profit-sharing benefits to other types of benefits occurs. However, after considering profit sharing payments, on average, profit-sharing firms offer a higher wage and benefit package than non-profit-sharing firms. Second, it appears that profit-sharing firms, on average, have higher profitability than non-profit-sharing firms. This result is consistent with the hypothesis that profit-sharing plans create incentives for workers to increase their productivity resulting in more profits to those firms. We have divided the analysis into two sections respectively.

Section I: Impact of Profit-Sharing Benefits on Existing Benefits, Wages and Total Compensations

The objective of this section is to determine whether firms offer profit-sharing benefits as a supplement or a substitute to other existing benefits or money wages. We excluded the public utilities industry from the sample because public utilities companies rarely offer profit-sharing programs. We also excluded firms that offer profit-sharing benefits but not pension plans. The reason is that firms without pension plans have a tendency to use profit-sharing benefits as a substitute for pension plans. Therefore, including firms without pension plans would tend to create a substitutional bias in the result.

We divided the sample into four groups; manufacturing firms with profit-sharing plans, manufacturing firms without profit-sharing plans, non-manufacturing firms with profit-sharing plans and non-manufacturing firms without profit-sharing plans. Then we calculated the average compensation levels of benefits excluding profit-sharing in terms of dollars per hour for each of the four groups. In order to reduce a bias from the aggregation of industries that have different average pays, we indexed each industry's payroll and compensations to the industry classifications used by the Bureau of Economic Analysis of Department of Commerce.

The results show that, for both manufacturing and non-manufacturing firms, average benefits excluding profit-sharing per hour are higher for firms without profit-sharing plans than those of firms with profit-sharing plans. However, if profit-sharing benefits are included, firms with profit-sharing plans pay more benefits than firms without profit-sharing plans. This result suggests that only a partial substitution of other benefits for profit-sharing benefits occurs. If firms totally substitute other existing benefits for profit-sharing benefits, the average total benefits *including profit-sharing* benefits should be the same for all firms. The results illustrated by table S.1 shows that profit-sharing firms pay higher benefits per hour than non-profit-sharing firms.

Employee Benefits As Percent of Payroll

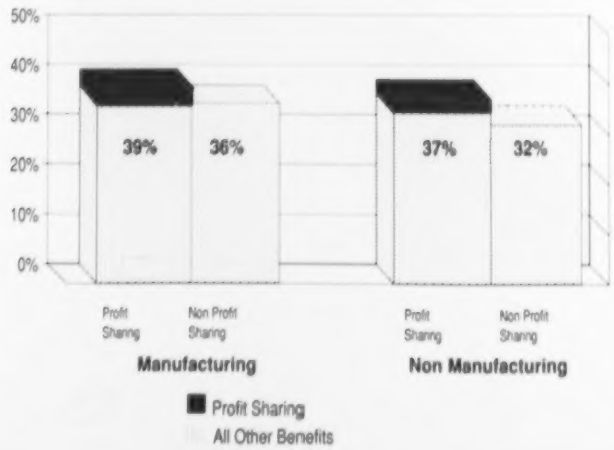


Table S.1
Hourly Benefits

	Hourly Benefits Excluding Profit-Sharing	Hourly Benefits Including Profit-Sharing
Manufacturing		
—Profit-Sharing	$3.88	$4.31
—Non-Profit-Sharing	4.03	4.03
Non-Manufacturing		
—Profit-Sharing	3.33	3.80
—Non-Profit-Sharing	3.44	3.44

The next step is to investigate whether profit-sharing firms reduce monetary wages in order to compensate for the profit-sharing benefits they pay. We compared wages per hour between profit-sharing and non-profit-sharing firms. If profit-sharing firms, on average, pay lower wages to their employees than non-profit-sharing firms, it would imply that profit-sharing firms reduce wages to compensate for the offering profit-sharing benefits. Table S.2 shows that profit-sharing firms pay higher wages than non-profit-sharing firms. Therefore, Table S.1 and S.2 show that, on average, profit-sharing firms pay higher total compensation than non-profit-sharing firms in terms of both wages and benefits.

Table S.2

Hourly Benefits, Wages And Total Compensations

	Hourly Wages	Hourly Benefits	Profit-Sharing Benefits	Hourly Total Compensations
Manufacturing				
—Profit-Sharing	$11.01	3.88		$.43$15.32
—Non-Profit-Sharing	11.04	4.03-		15.08
Non-Manufacturing				
—Profit-Sharing	10.73	3.33		4714.53
—Non-Profit-Sharing		10.10		4.0313.53

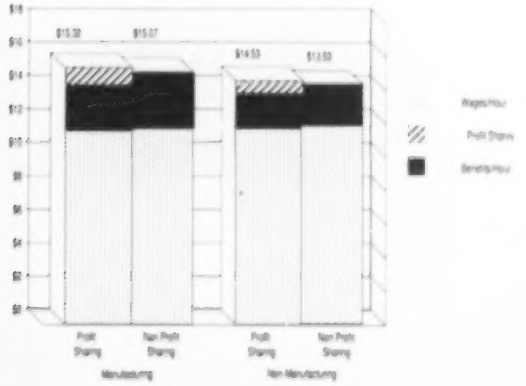
We also compared benefits between profit-sharing and non-profit-sharing firms in terms of benefits as a percent of payroll. Table S.3 shows that benefits as a percentage of payrolls for profit-sharing firms are either at the same level or just slightly lower than for non-profit-sharing firms. However after taking into account profit sharing payments benefit levels in profit-sharing firm were greater, on average, than in firms that did not have profit sharing

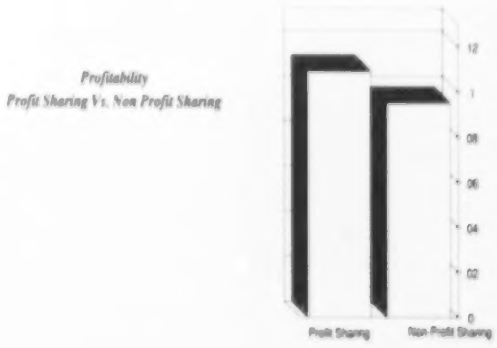
Table S.3
Benefits as Percent of Payroll

	Hourly Benefits Excluding Profit-Sharing Benefits	Hourly Benefits Including Profit-sharing Benefits
Manufacturing		
—Profit-Sharing	.35%	.39%
—Non-Profit-Sharing	.36	.36
Non-Manufacturing		
—Profit-Sharing	.32	.37
—Non-Profit-Sharing	.32	.32

Section II: Impact of Profit-sharing Benefits on Profitability

The purpose of the section is to study whether firms that offer profit-sharing benefits are more profitable than firms that do not offer such benefits. We define profitability into four measures: profit margin on sales, basic earning power, return on assets and return on stockholders equity. We calculated each measure of profitability from the financial statements of each firm for the years 1985-87. We derived an index of profitability by taking a weighted average of these four ratios for each company. Of a random sample of 50 firms, 13 firms have a profit-sharing plan while 37 do not. The result illustrated by Chart 1 shows that the profitability ratio was .109 for the profit-sharing firms and .095 for the non-profit-sharing firms. This implies that profit-sharing benefits appear to be an incentive for employees to increase their productivity contributing to higher profits for firms.





17. Copy of Questionnaire Used in Survey

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EMPLOYEE BENEFITS SURVEY—1988

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INSTRUCTIONS

1. **It is confidential**—Data from individual firms will not be disclosed. Data will be published only in the form of totals for groups of companies. Only the researchers will see your questionnaire(s).

2. **Company coverage**—If you have several divisions or plants, data covering any *typical* group of employees will be satisfactory.

3. **Employees covered in survey**—We are surveying ***both*** hourly-paid and salaried employees, if this break-out is available. If a separate breakout is not available for hourly and salaried employees please use the survey on the following page for reporting the combined totals for all employees.

   If the break-out is available, please fill out separate surveys for hourly-paid and salaried employees. The hourly-paid employee survey begins on this page and the salaried employee survey begins on page 5.

HOURLY-PAID EMPLOYEE SURVEY AND/OR COMBINED TOTAL OF SALARIED AND HOURLY PAID EMPLOYEES IF NOT AVAILABLE SEPARATELY

We will continue to survey hourly-paid employees under the guidelines used in the past for purposes of historical comparison. Therefore, when filling out the questionnaire surveying hourly-paid workers, ***include data for workers whose pay varies with the number of hours worked.*** In addition, include data for ***salaried*** employees if their pay varies if they work overtime or less than full-time; but do not include them if they receive their regular pay regardless of hours worked.

Organizations having difficulty making this employee separation between hourly-paid and salaried workers (e.g., banks, hospitals, financial institutions) should include all nonsupervisory employees and all working supervisors in this hourly-paid employee survey, ***regardless of method of payment.*** However, please ***exclude*** all officers of company.

4. **Approximate or incomplete data**—If you are unable to give exact data for the various items, please give estimates—***your best estimate is much better than a zero.*** If you cannot break down the data on payments exactly as they are outlined, please give the data that is available. Also, please indicate the items or benefits for which payments were made, but for which you cannot give separate figures.

Show actual data or best estimate for employees covered in survey.

A. GROSS PAYROLL FOR EMPLOYEES IN SURVEY:

- For this item, report ***actual*** wages. Report pay prior to employee deductions for all income and payroll taxes, pay deferral programs, such as 401k plans, and other insurance and deductions. Report on line A-1 the straight-time wages for all hours, including pay for time ***not*** worked, plus payments in lieu of vacations and holidays.
- Report premium and bonus payments on lines other than line A-1. Thus, if your firm paid $15,000 in overtime pay and the overtime rate is time and one-half, put $10,000 on line A-1, and $5,000 in premium pay on line A-2.

Include BONUS AND PREMIUM PAY ONLY on lines 2-6. Report straight-time pay on line 1.

	Total amount for 1988	
1. Straight-time for employees in survey	$	34
2. Overtime premium pay	$	46
3. Holiday premium pay	$	58
4. Shift differential	$	70
5. Earned incentive or production bonus	$	82
6. Other (Specify: _____)	$	94
7. TOTAL GROSS PAYROLL	$	106

B. LEGALLY-REQUIRED PAYMENTS (*employer's* share only):

1. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	$	118
2. Unemployment Compensation (federal and state taxes)	$	130
3. Workers' Compensation (estimate cost if self-insured)	$	142
4. State sickness benefits insurance	$	154
5. Other (Specify: _____)	$	166
6. TOTAL	$	178

C. RETIREMENT AND SAVINGS PLAN PAYMENTS (*employer's* share only):

- ITEM C-4 (PENSION AND INSURANCE PREMIUMS)—For pension and insurance premiums, report ***net*** payments after deducting any dividends or credits returned to employer by insurer.

1. Defined benefit pension plan contributions (a defined benefit plan is one that is insured by the Pension Benefit Guaranty Corporation involving a promise to pay a fixed level of benefits on retirement)	$	190
2. Defined contribution plan payments (a defined contribution plan is one that provides for an individual account for each participant and for benefits based on the amount contributed to the participant's account)		
a. 401K or similar payments (employers share only)	$	202
b. Profit-sharing payments (employer contributions are based on current profits of the business, fluctuating with current profit levels)	$	214
c. Stock bonus and employee stock ownership plans (ESOP)	$	226
3. Money purchase plans	$	238
4. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	$	250
5. Costs of plan administration (please estimate the administrative costs paid separately or as part of contributions to the plan)	$	262
6. Other (Specify: _____)	$	274
7. TOTAL	$	286
8. Please report the number of employees participating in your company's retirement and savings plan programs		298

D. LIFE INSURANCE AND DEATH BENEFITS (*employer's* share only):

- Exclude premiums for life insurance purchased under a pension plan. Such premiums should be reported under item C-4.

1. Life insurance premiums (net)	$	304
2. Death benefits not covered by insurance	$	316
3. TOTAL	$	328

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E. MEDICAL AND MEDICALLY-RELATED BENEFIT PAYMENTS (*employer's* share only):

1. Hospital, surgical, medical, and major medical insurance premiums (net) ..... $_____ 340
2. Self-insured hospital, surgical, medical, and major medical payments ..... $_____ 352
3. Short-term disability, sickness or accident insurance (company plan or insured plan) ..... $_____ 364
4. Long-term disability or wage continuation (insured, self-administered, or trust) ..... $_____ 376
5. ***Retiree*** (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net) ..... $_____ 388
6. Self-insured ***retiree*** (payments for retired employees) hospital, surgical, medical, and major medical payments ..... $_____ 400
7. Dental insurance premiums ..... $_____ 412
8. Vision care and prescription drugs ..... $_____ 424
9. Physical and mental fitness programs ..... $_____ 436
10. Medically-related benefits for ***former*** workers and family members, such as the continuation of health benefit payments after termination of employment (do not include payments to retirees and/or for maternity leave) ..... $_____ 448
11. Other (Specify: _____) ..... $_____ 460
12. TOTAL ..... $_____ 472

F. PAID REST PERIODS, COFFEE BREAKS, LUNCH PERIODS, WASH-UP TIME, TRAVEL TIME, CLOTHES-CHANGE TIME, GET-READY TIME, ETC.

- This should be reported if time is paid for, whether or not there is a formal work rule providing for such time off. A simple rule of thumb is that if employees typically take two 10-minute rest periods per day, this would amount to approximately 4% of gross payroll; if two 15-minute breaks are taken, the figure would come to 6% of gross payroll (Item A-7). $_____ 484

G. PAYMENTS FOR TIME NOT WORKED:

1. Payments for or in lieu of vacations (for estimating purposes, each day of paid vacation = .00385 x straight-time pay) ..... $_____ 496
   If unable to estimate a dollar figure, please indicate the average number of days of vacation an employee receives a year. _____
2. Payments for or in lieu of holidays (for estimating purposes, each paid holiday = .00385 x straight-time pay) ..... $_____ 508
   If unable to estimate a dollar figure, please indicate the average number of paid holidays an employee receives a year. _____
3. Sick leave pay ..... $_____ 520
4. Parental leave (maternity and paternity leave payments) ..... $_____ 532
5. Payments required under guaranteed workweek or work year—only that part that represents payment for time not worked ..... $_____ 544
6. Payments for State or National guard duty; jury, witness, and voting pay allowances; payments for time lost due to death in family; or other personal reasons ..... $_____ 556
7. Other (Specify: _____) ..... $_____ 568
8. TOTAL ..... $_____ 580

H. MISCELLANEOUS BENEFIT PAYMENTS (*employer's* share only):

1. Discounts on goods and services purchased from company by employees ..... $_____ 592
2. Employee meals furnished by company ..... $_____ 604
3. Child care: a. On-site child care ..... $_____ 616
   b. Third-party provided care ..... $_____ 628
4. Parking ..... $_____ 640
5. Employee education expenditures (tuition refunds, seminar attendance, etc.) ..... $_____ 652
6. Payments for legal counselling ..... $_____ 664
7. Payments to union stewards or officials for time spent in settling grievances or in negotiating agreements ..... $_____ 676
8. Christmas or other special bonuses (not tied to profits), service awards, suggestion awards, etc. ..... $_____ 700
9. Other (Specify: _____) ..... $_____ 712
10. TOTAL ..... $_____ 724

I. EMPLOYEE PAYROLL DEDUCTIONS (*employee's* share only):

- For this question, report deductions from ***employee*** pay. Employer contributions are reported in questions B-E.

1. Old-Age, Survivors, Disability, and Health Insurance (employee FICA taxes) and Railroad Retirement Taxes ..... $_____ 736
2. Retirement and Savings Plan payments (including 401K and similar programs) ..... $_____ 748
3. Life insurance premiums ..... $_____ 760
4. Medical and Medically-Related Benefits Payments ..... $_____ 772
5. Other (Specify: _____). Do not include deductions for income tax ..... $_____ 784
6. TOTAL ..... $_____ 796

J. EMPLOYEE HOURS

- These figures include hours worked or paid for (including time actually worked, ***plus*** holidays, vacation, sick leave, and other time paid for but not worked).

1. Total hours of a **typical full-time employee** during 1988: _____ (average number of hours per week per employee) × 52 = _____ (total hours during 1988 per employee) 808

2. Total hours of **all** employees in survey during 1988:
   - The total number of hours worked or paid for of all employees covered in the survey, corresponds to earnings given on line A-1.

_____ (total hrs. during 1988 per employee) × _____ (full-time equivalent employees included in your survey data for 1988) = _____ (total hours of all employees in 1988) 812

PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE (SIC Code) = _____

- If you do not know your SIC Code, please give a description of the major type of business and/or the principal lines or products manufactured or handled.

_____

_____

SUPPLEMENTAL QUESTIONS

For Office Coding— Leave Blank ____ ____ ____ ____ B1

Please answer the following questions:

1. Does your firm have a fixed benefit plan or a cafeteria plan (a cafeteria plan is one that allows employees to choose between benefits and/or benefit plans)? (Check appropriate box)
   - Fixed Benefit Plan ..... F ☐
   - Cafeteria Plan ..... C ☐ 6

2. What is the estimated percentage of part-time workers as the percentage of your total work-force (part-time workers are those who work less hours than the normal work week)? ..... _____ 7

3. If you provide benefits to part-time employees, which benefits do you provide?
   - All ..... Yes ☐ No ☐ 12
   - Health ..... Yes ☐ No ☐ 13
   - Retirement ..... Yes ☐ No ☐ 14
   - Vacations ..... Yes ☐ No ☐ 15
   - Bonuses ..... Yes ☐ No ☐ 16
   - Others (please specify: _____)

4. Please estimate the total annual cost for administering your benefit costs that are not included in the above cost data on employee benefits.
   a. Estimated annual internal costs of administering benefits programs not included in the above data on benefit costs ..... $_____ 17
   b. Estimated annual cost of outside consultants, attorneys and other persons consulted regarding the administration of benefits programs ..... $_____ 29
   c. Other (please specify) ..... $_____ 41

5. Does your organization provide for the following:
   a. Does your firm sponsor wellness programs, such as health fairs, blood pressure tests etc? ..... Yes ☐ No ☐ 53
   b. Do you believe these programs are an effective way of reducing health care costs? ..... Yes ☐ No ☐ 54
   c. Do you believe health promotion programs are an effective way of enhancing productivity and reducing absenteeism? ..... Yes ☐ No ☐ 55

Please list the name, title and phone number of the person who is responsible for filling out this questionnaire in case our researchers have any questions.

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EMPLOYEE BENEFITS SURVEY—1988

SALARIED EMPLOYEE SURVEY (IF NOT INCLUDED IN SECTION 1)

If you are **not** filling in this section, please turn to page 8.

INSTRUCTIONS

1. **It is confidential**—Data from individual firms will not be disclosed. Data will be published only in the form of totals for groups of companies. Only the researchers will see your questionnaire(s).

2. **Company coverage**—If you have several divisions or plants, data covering any ***typical*** group of employees will be satisfactory.

3. The salaried employee benefits survey is limited to employees whose pay does ***not*** vary with the number of hours worked.

   If you had difficulty making the employee separation for the hourly-paid survey, and included non-supervisory and working supervisors ***regardless of method of payment*** in that survey, please do ***not*** fill out the salaried employee survey. Please turn to the last page of this survey and fill in information on industry and size of firm.

4. **Approximate or incomplete data**—If you are unable to give exact data for the various items, please give estimates—***your best estimate is much better than a zero***. If you cannot break down the data on payments exactly as they are outlined, please give the data that is available. Also, please indicate the items or benefits for which payments were made, but for which you cannot give separate figures.

Show actual data or best estimate for employees covered in survey.

A. GROSS PAYROLL FOR EMPLOYEES IN SURVEY:

- For this item, report ***actual*** salaries (***not*** take-home pay after deductions have been made). Report on line A-1 the salaries for all hours, including pay for time ***not*** worked, plus payments in lieu of vacations and holidays.

	Total amount for 1988	
1. Total salaries for employees in survey	$_____	61

B. LEGALLY-REQUIRED PAYMENTS (***employer's*** share only):

1. Old-Age, Survivors, Disability, and Health Insurance (employer FICA taxes) and Railroad Retirement Tax	$_____	73
2. Unemployment Compensation (federal and state taxes)	$_____	85
3. Workers' Compensation (estimate cost if self-insured)	$_____	97
4. State sickness benefits insurance	$_____	109
5. Other (Specify: _____)	$_____	121
6. TOTAL	$_____	133

C. RETIREMENT AND SAVINGS PLAN PAYMENTS (***employer's*** share only):

- ITEM C-4 (PENSION AND INSURANCE PREMIUMS)—For pension and insurance premiums, report ***net*** payments after deducting any dividends or credits returned to employer by insurer.

1. Defined benefit pension plan contributions (a defined benefit plan is one that is insured by the Pension Benefit Guaranty Corporation involving a promise to pay a fixed level of benefits on retirement)	$_____	145
2. Defined contribution plan payments (a defined contribution plan is one that provides for an individual account for each participant and for benefits based on the amount contributed to the participant's account)		
a. 401K or similar payments (employers share only)	$_____	157
b. Profit-sharing payments (employer contributions are based on current profits of the business, fluctuating with current profit levels)	$_____	169
c. Stock bonus and employee stock ownership plans (ESOP)	$_____	181
3. Money purchase plans	$_____	193
4. Pension plan premiums (net) under insurance and annuity contracts (insured and trusteed)	$_____	205
5. Costs of plan administration (please estimate the administrative costs paid separately or as part of contributions to the plan)	$_____	217
6. Other (Specify: _____)	$_____	229
7. TOTAL	$_____	241
8. Please report the number of employees participating in your company's retirement and savings plan programs	_____	253

D. LIFE INSURANCE AND DEATH BENEFITS (***employer's*** share only):

- Exclude premiums for life insurance purchased under a pension plan. Such premiums should be reported under item C-4.

1. Life insurance premiums (net)	$_____	259
2. Death benefits not covered by insurance	$_____	271
3. TOTAL	$_____	283

E. MEDICAL AND MEDICALLY-RELATED BENEFIT PAYMENTS (***employer's*** share only):

1. Hospital, surgical, medical, and major medical insurance premiums (net)	$_____	295
2. Self-insured hospital, surgical, medical, and major medical payments	$_____	307
3. Short-term disability, sickness or accident insurance (company plan or insured plan)	$_____	319
4. Long-term disability or salary continuation (insured, self-administered, or trust)	$_____	331
5. ***Retiree*** (payments for retired employees) hospital, surgical, medical, and major medical insurance premiums (net)	$_____	343
6. Self-insured ***retiree*** (payments for retired employees) hospital, surgical, medical, and major medical payments	$_____	355
7. Dental insurance premiums	$_____	367
8. Vision care and prescription drugs	$_____	379
9. Physical and mental fitness programs	$_____	391

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10. Medically-related benefits for ***former*** workers and family members, such as the continuation of health benefit payments after termination of employment (do not include payments to retirees and/or for maternity leave) ..... $_____ 403
11. Other (Specify: _____) $_____ 415
12. TOTAL ..... $_____ 427

F. PAYMENTS FOR TIME NOT WORKED:

1. Payments for or in lieu of vacations (for estimating purposes, each week of paid vacation = .01925 x straight-time pay) ..... $_____ 439
   If unable to estimate a dollar figure, please indicate the average number of days of vacation an employee receives a year. _____.
2. Payments for or in lieu of holidays (for estimating purposes, each paid holiday = .00385 x straight-time pay) ..... $_____ 451
   If unable to estimate a dollar figure, please indicate the average number of paid holidays an employee receives a year. _____.
3. Sick leave pay ..... $_____ 463
4. Parental leave (maternity and paternity leave payments) ..... $_____ 475
5. Payments for State or National guard duty; jury, witness, and voting pay allowances; payments for time lost due to death in family; or other personal reasons ..... $_____ 487
6. Other (Specify: _____) ..... $_____ 499
7. TOTAL ..... $_____ 511

G. MISCELLANEOUS BENEFIT PAYMENTS (***employer's*** share only):

1. Discounts on goods and services purchased from company by employees ..... $_____ 523
2. Employee meals furnished by company ..... $_____ 535
3. Child care: a. On-site child care ..... $_____ 547
   b. Third-party provided care ..... $_____ 559
4. Parking ..... $_____ 571
5. Employee education expenditures (tuition refunds, seminar attendance, etc.) ..... $_____ 583
6. Payments for legal counselling ..... $_____ 595
7. Christmas or other special bonuses (not tied to profits), service awards, suggestion awards, etc. ..... $_____ 607
8. Other (Specify: _____) ..... $_____ 619
9. TOTAL ..... $_____ 631

H. EMPLOYEE PAYROLL DEDUCTIONS (***employee's*** share only):

- For this question, report deductions from ***employee*** pay. Employer contributions are reported in questions B-E.

1. Old-Age, Survivors, Disability, and Health Insurance (employee FICA taxes) and Railroad Retirement Taxes ..... $_____ 643
2. Retirement and Savings Plan payments ..... $_____ 655
3. Life insurance premiums ..... $_____ 667
4. Medical and Medically-Related Benefits Payments ..... $_____ 679
5. Other (Specify: _____). Do not include deductions for income tax. ..... $_____ 691
6. TOTAL ..... $_____ 703

I. EMPLOYEE HOURS

- These figures include hours worked or paid for (including time actually worked, ***plus*** holidays, vacation, sick leave, and other time paid for but not worked).

1. Total hours of a **typical full-time employee** during 1988:

   _____ (average number of hours per week per employee) × 52 = _____ (total hours during 1988 per employee) 715

2. Total hours of **all** employees in survey during 1988:

   _____ (total hrs. during 1988 per employee) × _____ (full-time equivalent employees included in your survey data for 1988) = _____ (total hours of all employees in 1988) 719

SUPPLEMENTAL QUESTIONS

Please answer the following questions:

1. Does your firm have a fixed benefit plan or a cafeteria plan (a cafeteria plan is one that allows employees to choose between benefits and/or benefit plans)?

	(Check appropriate box)	
Fixed Benefit Plan	F ☐	
Cafeteria Plan	C ☐	731

2. The following questions pertain to cost-containment measures your company may have taken regarding medical care coverage.

a. Has your firm either increased the deductible or instituted a deductible in your medical plan in the last two years?	Yes ☐	No ☐	768
b. Has your firm increased the percentage of the health insurance premium that employees pay?	Yes ☐	No ☐	769
c. Increased the amount of home health care coverage in your basic health insurance policy?	Yes ☐	No ☐	770

Please list the name, title and phone number of the person who is responsible for filling out this questionnaire in case our researchers have any questions.

Name _____ Title _____ Phone Number ( )

Whether you completed Section 1 only or Sections 1 and 2, please fill in the type of industry and size of company below.

Industry Code

Please circle the code number which corresponds to the type of business your company conducts:

Code	Category
Manufacturing firms	
101	Food, beverages, and tobacco
102	Textile products and apparel
103	Pulp, paper, lumber and furniture
104	Printing and publishing
105	Chemicals and allied products
106	Petroleum industry
107	Rubber, leather, and plastic products
108	Stone, clay and glass products
109	Primary metal industries
110	Fabricated metal products (excluding machinery and transportation equipment)
111	Machinery (excluding electrical)
113	Electrical machinery, equipment, and supplies
114	Transportation equipment
115	Instruments and miscellaneous manufacturing industries
Non manufacturing firms	
201	Public utilities (electric, gas, water, telephone, etc.)
202	Department stores
203	Trade (wholesale and other retail)
204	Banks, finance companies, and trust companies
205	Insurance companies
206	Miscellaneous nonmanufacturing industries
207	Hospitals

Type of business _____.

Size Code

Please circle the code number which corresponds to the number of people employed by your company.

Code	Number of Employees
0	1-9
1	10-49
2	50-99
3	100-499
4	500-999
5	1000-2499
6	2500-4999
7	5000 plus

Actual number of employees _____.

Please return the completed questionnaire to:
ECONOMIC POLICY DIVISION/EMPLOYEE BENEFITS SURVEY
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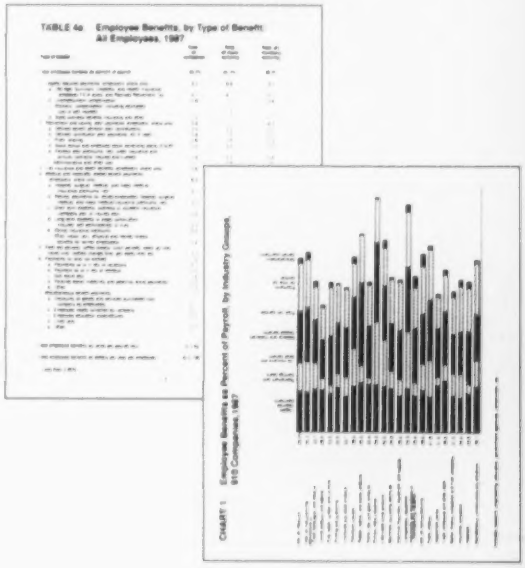
TABLE 4a Employee Benefits, by Type of Benefit: All Employees, 1987
CHART 1 Employee Benefits as Percent of Payroll, by Industry Groups, 919 Companies, 1987

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